Daily Report

Latin America

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FBIS-LAT-95-120 *22 June 1995*

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Brazil Denies Protectionist Nature of Auto Import Measure

PY2106185395 Rio de Janeiro JORNAL DO BRASIL in Portuguese 20 Jun 95 Section 1 p 6

[Article by Antonio Carlos Seidl]

[FBIS Translated Excerpt] Finance Minister Pedro Malan on 19 June rebutted the opinion that the adoption of car import quotas reflects a protectionist trend in Brazil.

"We will resist all protectionist temptations," he said. According to Malan, even governments with a very puritan position in the defense of the free market adopt protectionist measures to increase the competitiveness of their industries.

Addressing the Mercosur [Common Market of the South] economic summit in Sao Paulo, Malan said that the objective of the automobile industry MP (Provisional Measure) is to increase production for export.

He added that the reduction of import tariffs for machines and equipment for vehicle production to 2 percent will increase the Brazilian industry's competitiveness abroad.

"That is what is at stake," he noted. "It is what Argentina has skillfully done for some time, and this is what we intend to do," Malan added.

"Brazil does not want to restrict commerce but increase its competitiveness, both at home and abroad," the minister pointed out.

Planning Minister Jose Serra added that the car import quotas do not mean the return of protectionism.

At the Mercosur economic summit, Serra said that the new automobile industry regime entails a competitive opening.

"This regime will increase the opening of the sector through the possibility of importing capital goods and parts for the automobile industry at low tariffs."

Serra said that Brazil will gradually adopt a regime that will be "similar" to that of Argentina, establishing a common regime "toward the end of the century."

"Within this context, the MP is not a protectionist measure related to the policy of the past of replacement of exports."

Serra said that the current strategy does not seek to replace imports but to give the sector a wider opening, on a temporary basis.

Both Malan and Serra emphasized that the automobile industry is a sector that deserves the attention of the majority of industrialized countries. "It is a specific sector calling for specific treatment," he said. [passage omitted]

Argentina's Menem Defends Vehicle Negotiations With Brazil

PY2106185495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1154 GMT 21 Jun 95

[FBIS Translated Excerpt] Buenos Aires, 21 Jun (NA) — President Carlos Menem fiercely defended the progress that was achieved in Sao Paulo with his Brazilian colleague, Fernando Henrique Cardoso, regarding the vehicle question, and criticized the press for the way they had reported on the negotiations.

In remarks made last night during a television program, Menem stressed that the World Economic Forum "had been a real success," as he believes the Ouro Preto agreements will be respected until the two governments come to an agreement. [passage omitted]

Menem also complained about the way in which some of the media had reported on the results of the negotiations between the officials of the two governments in Sao Paulo.

According to the chief of state, the media "spoke about the fall of Mercosur" [Common Market of the South], something that he termed "a true bunch of trash, a lie that has absolutely no basis."

"Mercosur continues to function perfectly, and we are going to overcome this disagreement," he emphasized, and after saying this he returned to his attack against journalism.

"Those who are now criticizing this situation, and who are carrying out a kind of terrorism where Mercosur is concerned, are the same people who said that Menem was out of context and had no knowledge of reality," he stressed, referring to the prediction that the PJ [Justicialist Party] would win by a margin of over 20 percent and with 47 percent of the votes.

However, he stressed that not all the media, "thank God," behave in that way, and that it is a question of "a small group of journalists who gave their opinion, and who without knowing the facts" gave a pessimistic view of the negotiations carried out in Sao Paulo. [passage omitted]

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Argentina's Cavallo on Regional Trade, Stabilization

PY2006162295 Sao Paulo AGENCIA ESTADO in Portuguese 1350 GMT 20 Jun 95

[Report by Vladimir Goitia; quotation marks as received]

[FBIS Translated Text] Sao Paulo, 20 Jun (AE) — A collective news conference hosted by Argentine Economy Minister Domingo Cavallo at the Mercosur [Common Market of the South] meeting in Sao Paulo has just ended. Cavallo said that the progress toward ending the monopolies in Brazil will permit Mercosur to become something real in the area of services, especially for Argentina and Paraguay, which are electric power exporters. According to Cavallo, the ending of the energy monopoly in Brazil will permit both Argentina and Paraguay to provide electric power at lower prices. Brazil will therefore not need to make further investments in the sector. As for economic stability and trade balance deficits, Minister Cavallo said that when Argentina began its stabilization process in 1991, it also confronted consecutive deficit problems because of its commercial opening. He said, however, that Argentina had been prudent in maintaining special restrictions in some specific sectors, such as vehicles, textiles, and cellulose and paper. "I believe that in a stabilization process there must be restrictions on imports at acceptable levels," he said. "However, Argentina did not close its trade with the Mercosur countries, and this is what we expect from Brazil in this stabilization process. We believe Brazil can adopt restrictive measures, as Argentina did, with respect to third countries, but not with countries of the region. Cavallo said that the pressure that some Argentine sectors are exerting on him to make him leave government "are isolated cases of pressure" coming from the opposition, which was defeated in the elections in May. According to him, President Carlos Menem had given him full support as the head of the Economy Ministry.

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Cuba

Fidel Castro Meets Visiting Ukrainian Delegation

FL1506140495 Havana Radio Progreso Network in Spanish 0900 GMT 15 Jun 95

[From the "First Thing" program]

[FBIS Translated Text] Commander in Chief Fidel Castro met with the visiting Ukrainian delegation, lead by Viktor Petrov, minister of engineering, defense industrial complex and conversion. Petrov said they discussed the work of the intergovernmental bilateral commission, and Fidel expressed great interest in the future of relations between the two nations. Last night a protocol summarizing the results of the bilateral commission meeting was also signed, and according to the text, relations are expected to expand beyond current levels. The protocol, signed by Petrov and Ignacio Gonzalez Planas, minister of metallurgy and electronics industry, states that both parties will develop ties in areas such as machinery and electronics production to include joint efforts in producing tractors, televisions, satellite communication systems, and other home appliances.

Havana Sends Protest Note to Venezuelan Government

PA2206042595 Havana PRENSA LATINA in Spanish 2125 GMT 21 Jun 95

[FBIS Translated Text] Havana, 21 Jun (PL) — A spokesman from the Cuban Foreign Ministry confirmed today it has sent a protest note to the Venezuelan Government over the visit a delegation from that country made to the Guantanamo Naval Base, which is located in the island's eastern tip.

The source whom PRENSA LATINA questioned refused, however, to comment further on the contents of the note or the reasons for the protest, which the daily EL DIARIO DE CARACAS published today.

An official delegation from the Venezuelan Government headed by Carmen Martinez Grijalba, national consular service director, traveled to Guantanamo recently to meet with Cuban rafters housed at that military enclave.

The Havana government has described the visit as unacceptable, because it would mean the acceptance of Washington's authority over that portion of the national territory the United States has been occupying illegally since the turn of the century, the daily stated.

Martinez met with approximately 100 illegal immigrants who have asked to travel to Venezuela after the administration of President Rafael Caldera announced its willingness to accept all those requesters who could prove they have relatives in that country.

Trade Delegation in Brazil Discusses Investments

PA2106193195 Havana PRENSA LATINA in Spanish 1413 GMT 20 Jun 95

[By Lidice Valenzuela]

[FBIS Translated Text] Rio de Janeiro, 20 Jun (PL) — Renown businessmen in Brazil today confirmed the possibility of Brazilian businesses increasing their investments in Cuba, after learning of the opportunities Cuba offers in this area.

Ernesto Melendez Bach, minister of foreign investment and economic cooperation, arrived in Brazil 48 hours ago to offer a current view of the Cuban economy to Brazilian businessmen in Rio de Janeiro, Minas Gerais, and Sao Paulo.

Jose Carlos Vieira de Figueredo, director of support service for small and medium-sized businesses (SEBRAE), told PRENSA LATINA that this is an excellent time to invest in Cuba, adding that this was the first step toward identifying areas of interest.

Vieira de Figueredo regretted that Brazilian businessmen had no knowledge before now of the facilities Havana offers in various economic sectors, which he added are of interest to several local financial institutions.

Vieira de Figueredo, who has headed the nongovernmental organization SEBRAE since its founding in 1981, said his experiences could benefit Cuba because of the municipal structure of the organization, which includes participation of municipalities to the benefit of the people.

Vieira de Figueredo noted that the presence of Cuban experts in Brazil is fundamental to exchanging points of view in terms of Cuba's economic organization, considering that the population of Cuba and Rio de Janeiro are nearly the same (approximately 11 million).

Meanwhile, Brascan (Brazilian-Canadian) Bank Director Luis Ildefonso Simoes Lopes said Cuba is a country with numerous opportunities for foreign investors — a claim reinforced by his recent visit to Havana. He added that interesting opportunities for Brascan exist on the island in terms of joint ventures between companies from both countries. He said there are specific business projects in different sectors, and considering Brascan is always open to examine alternatives, Cuba is a logical option for investors.

Regarding his visit to Cuba, Simoes Lopes said his expectations were exceeded: I was greatly impressed with the good spirits of the Cuban people, who are capable of confronting their difficulties with optimism. I believe that the Cuban Government knows how to take

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firm steps at an adequate pace to introduce economic reforms, because going too fast in politics can end up in disaster.

The Cuban trade delegation continues its visit today with the analysis of Brazilian businesses interested in specific forms of association — forms that take advantage of the different opportunities offered by the island.

Cuban Ambassador Ramon Sanchez Parodi said tomorrow Melendez and his delegation will travel to Minas Gerais, where they will carry out a program similar to the one they had in Rio de Janeiro, and finally they will visit in Sao Paulo.

Foreign Investments in Banking Sector Viewed

PA2106184895 Havana Radio Havana Cuba in Spanish 0000 GMT 21 Jun 95

[From "The Cuban Economy" segment of the "Evening Information Review" newscast by Guillermo Alvarado]

[FBIS Translated Text] Greetings, friends, from "The Cuban Economy." In previous programs, we reviewed opportunities for foreign capital investment in real estate and the sugar industry. Today, we will briefly discuss current opportunities in the banking sector and others.

Beginning with the point of view that the volume of foreign capital coming to Cuba is already reaching significant levels, undoubtedly banking is becoming very important. We want to stress that this is true not only because of the capital and financing these institutions may provide, but also because banks have relevant customers throughout the world. The fact that some banks are already beginning to open branches in Cuba is most interesting from two perspectives. Some are promoting among their own customers the possibility of negotiating with our country, while they also benefit trade with Cuba.

According to Ernesto Melendez, our minister of foreign investment and economic cooperation, this is an issue that will become increasingly important throughout the year and in coming years. He added that many important international banks are seriously studying the possibility of opening branches in Havana, and efforts toward this end are already under way. In addition to the banking issue, there are other opportunities and various ways to conduct business with Cuba. For example, conditions are being created to enable a foreign entrepreneur to set up a workshop or factory for production purposes, generally making intensive use of our labor force. This would generate abundant sources of employment for our country. Although this is a novelty in Cuba, there are many examples of these associations in Latin American countries, particularly in Mexico. Therefore, this is undoubtedly something that has possibilities and our country is examining it.

In exclusive statements to the weekly GRANMA INTERNACIONAL, Melendez said we must take into consideration that the volume of foreign investment operations in Cuba depends on, above all else, the fact that there is greater understanding of the Cuban situation internationally and how other countries are viewing our economic conditions and reforms.

Something else we must take into consideration is that Cuba has also opened its doors to certain markets — for example, the European market. Many business delegations have arrived in Cuba in recent months, including groups from the United Kingdom and France, from where there is a constant flow of delegations. There also has been an increase in visits by businessmen from Italy, Canada, and Mexico. Interest also has been voiced by business sectors from South Africa, the Scandinavian countries, and Australia, as well as some countries from the Far and Middle East.

Events organized in Cuba and abroad to present the nation's business and investment opportunities have greatly influenced this. In 1994, there were by far many more of these events than there had been in previous years. This year — that is, 1995 — has started off very strongly. One of the most important events to take place in the second half of this year is the third roundtable sponsored by the British publication THE ECONOMIST. This workshop will be immediately preceded by a special forum on the biotechnology and pharmaceutical industry, which will be attended by representatives from important laboratories and companies worldwide. Melendez says all of this shows that interest in Cuba is growing and diversifying.

Friends, we will continue this series of programs by discussing the new foreign investment law that is being prepared in Cuba.

Torres Calls For Increased Sugarcane Effort

FL2206021095 Havana Radio Rebelde Network in Spanish 2300 GMT 21 Jun 95

[From the "Exclusive" program]

[FBIS Translated Text] Every effort is being made in Santiago de Cuba Province to weed 900 caballerias of sugarcane, complete the replanting of 174 (?caballerias) — left over from the Spring campaign — and move forward with soil preparation efforts for the next planting campaign, which will begin on 1 July. Santiago de Cuba should produce 216 million arrobas of sugarcane, to be ground during the next harvest. Since it is impossible

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to plant new areas, these amounts should be achieved in areas with more, better quality cane.

During a meeting in Santiago de Cuba to analyze preparations for the next sugarcane harvest, Sugar Industry Minister Nelson Torres stated that it was possible to achieve an increase of 26,000 arrobas of sugarcane per caballeria [as heard] because more than anything, it is what Cuba needs now.

[Begin Torres recording] Now what we need is effort. We must give the sugarcane our best in every way during the remaining days of June, July, August, and September. We must secure the sugarcane. In addition, we must have everything ready to grind that sugarcane with utmost efficiency. [end recording]

The industry's most important cadres attended this meeting, in which repair plans for Santiago de Cuba's eight sugarcane complexes were also analyzed. According to Torres, we can no longer maintain the policy we followed for 30 years, which was to solve all problems by investing more money.

[Begin Torres recording] Things cannot continue in that manner. Our problems cannot be resolved by putting more money into the complexes, but by working more efficiently at the complexes. It is another concept. [end recording]

This evening, Torres attended the inauguration of the first incentive shop [tienda de estimulo] for sugarcane workers in this province. The shop is located at the Julio Antonio Mella Sugarcane Complex.

Mesa Wants Job Assessment, Relocation Program

FL2106153095 Havana Radio Rebelde Network in Spanish 0900 GMT 21 Jun 95

[FBIS Translated Text] Salvador Valdes Mesa, Labor and Social Security Minister, has called for an assessment of the job situation in Cuba and the relocation program for surplus workers. During a meeting of the National Secretariat of the Cuban Workers Federation, Valdes stated that these will be the main items for discussion in the 27 June meeting between the state's central management bodies, the labor ministry, and the unions. Valdes reiterated that the rationalization process is not carried out by the labor ministry but is done at the request of state bodies after consultation with the unions, and should be conducted in a gradual, fair, and organized manner.

Valdes pointed out that although there has been speculation on the number of rationalized workers, which some have put at 700,000, there is still no official figure and a nationwide job poll is being held to help draft the job assessment report. Among the job alternatives, Valdes mentioned the sugar industry, agriculture, organic orchards, services, tourism, and local industries which should operate in coordination with self-employed workers to sell the materials required to ply their trade.

CTC's Ross Quotes Fidel to Union Leaders

FL1606131995 Havana Radio Rebelde Network in Spanish 0900 GMT 16 Jun 95

[From the "Doing Radio" program]

[FBIS Translated Text] Due to the special period, union congresses have been held at provincial levels, achieving unexpected and valuable results in each province. We can confirm this ourselves, after having personally participated in provincial meetings, as well as in the national union meetings of the public administration, construction, transport, Revolutionary Armed Forces civil workers, light industry, and commerce and restaurant sectors.

During the provincial union meetings, we saw objective debates regarding problems affecting each sector and place, national union cadres more in touch with union members, and objective measures being implemented to resolve problems.

During a meeting with union leaders in Havana City, Pedro Ross Leal, secretary general of the Cuban Workers Federation [CTC], broached the issue.

[Begin Ross recording] Now, when we are going through difficult times, when there is so much confusion in the world — which affects us as well — and when new economic mechanisms are being introduced, a union movement such as ours, in power more than ever before, requires the presence of its union leaders together with the base level union leaders, and workers. During a recent national union meeting and while reporting on the parliaments at the workplace, Comrade Fidel Castro told the unions that now you must continue at the base levels with the workers explaining, debating, presenting tasks, and making very clear to them what should be done during these difficult times. [end recording]

Many of the problems broached during the provincial meetings have been resolved and those that have not are well known, not only at the workplace but also by the national union, administration, and party leadership. They are looking for solutions.

[Begin Ross recording] Due to those reasons, the national CTC leadership decided to constitute the provincial meetings as congresses, which prior to the national congresses were being held by the provincial unions.

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That was one of the reasons, the other reason was to avoid bringing a multitude of cadres to Havana City. From the interior of our country, delegates and some guests have come, but never as many as if we would have held a congress. This would have meant 350 to 400 delegates plus guests, thus we would have had a meeting with 600 to 700 people. [end recording]

There was ample administrative participation in the provincial meetings and due to this many problems were solved immediately. Today and thanks to this, actions aimed at helping workers and complying with production goals is much stronger and united.

Alarcon Addresses Havana City APPP Session

FL1906005695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 18 Jun 95

[From the "NTV" newscast]

[FBIS Translated Text] Conrado Martinez Corona, president of the People's Government Provincial Assembly [APPP] of Havana City, inaugurated the APPP plenum by congratulating the people of Havana City for concluding the district delegate election process and the progress report assemblies.

Representatives of the legal and internal order commission stressed the need for increasing the ethical and professional levels of police investigators [instructores policiales], small claims court judges [jueces levels], and the importance of filling all of the slots within these work forces — currently only at 25 percent — and the need to expedite judicial procedures.

The health, hygiene, and environment commission presented a report on last year. Last year's deficiencies in this area caused discontent and heavy criticism. Slight improvements have recently been made in the recovery of values that were being lost, as well as in other areas.

[Begin recording] [Ricardo Alarcon, president of the National Assembly of the People's Government] Not only today's plenum, but yesterday's commission session represented a step toward making the APPP's work more positive. In each of its sessions, the APPP has concentrated on addressing fundamental aspects of life in Havana City. I think they have analyzed fundamental problems in depth, and the permanent commissions have proven they are constantly playing an increasingly important, true role in the control of numerous administrative tasks. [end recording]

Refinery Erects Barrier To Prevent Oil Spills

FL2006155195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 20 Jun 95

[From the "NTV" newscast]

[FBIS Translated Text] One of Cuba's primary environmental goals is to rescue Havana Bay. The Nico Lopez refinery recently erected a concrete and metal barrier to prevent oil from spilling into Havana Bay, in an attempt to revive the ecosystem as part of the prevailing environmental awareness campaign. The barrier, which was built with the help of the maritime projects enterprise, is 200 meters long and over one meter deep. Oil floats on the water inside the barrier, keeping the bay clean. A floating rubber barrier was installed in the past but [words indistinct]. The difference in water clarity on either side is evident: It is opaque on one side of the barrier — due to oil contamination — and clear on the other. Industries discharge [word indistinct] of contaminants in Havana Bay, 31 percent from river drainage and 38 percent from rivers [words indistinct]. City government and the Science, Technology, and Environment Ministry are working to reduce and eliminate all sources of contamination. A recent Ministry report indicates that average oxygen values in bay waters have slowly increased, a significant indication of healthy recovery. This is largely due to the barrier that the Nico Lopez refinery erected.

Grenada

NNP's Mitchell Claims Election Victory

FL2106122395 Bridgetown CANA in English 0255 GMT 21 JUNE 95

[FBIS Transcribed Text] St. George's, Grenada, June 20, CANA — Opposition New National Party (NNP) leader, Dr. Keith Mitchell, saying his party had picked up the minimum number of seats to form a parliamentary majority, Tuesday night claimed victory in Grenada's general election. "Based on the numbers, it looks as if we have won eight seats," Dr. Mitchell told CANA.

He named the seats as — St. George South, the town of St. George's, his own constituency of St. George North West, St. John, St. Mark, St. Patrick East, St. Andrew North East and St. Andrew North West.

In Mitchell's constituency, hundreds of supporters took to the street in celebration of an NNP victory.

Dr. Mitchell, a 47-year-old former professor of mathematics at Howard University in Washington DC, told CANA job number one for an NNP government would be the creation of jobs. He said he thought he saw a

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leading role for the private sector and, contending that current levels of taxation were too high, indicated there would be a regime of lower taxes as part of incentives to stimulate private sector investment to promote job-creation.

The NNP, a merger of three political parties, was launched in 1984, after the restoration of parliamentary democracy that followed the 1983 U.S.-led invasion of Grenada.

After winning 14 of the 15 seats in the 1984 election, the NNP was torn by internal dissent. Former party leaders George Brizan and Dr. Francis Alexis pulled out over differences with then Prime Minister Herbert Blaize. Later, Mitchell challenged and defeated Blaize for leadership of the party. Amidst a bitter leadership feud, Blaize sacked Mitchell from the cabinet.

Blaize himself withdrew from the party as his support continued to crumble and launched the National Party, with Ben Jones.

Tuesday's election was a straight fight between the NNP, outgoing Prime Minister Brizan's National Democratic Congress (NDC) and former Prime Minister Sir Eric Gairy's Grenada United Labour Party (GULP). According to preliminary results, the NDC took five seats and the GULP two.

One of the main casualties of the swing to the NNP was Sir Eric, who lost his second bid to recapture the St. George South seat. The seat, formerly held by Phinsley St. Louis, a minister in the outgoing NDC government, went to Mark Isaac of the NNP.

Brizan, who conceded defeat overall, cruised to a comfortable victory in his constituency.

The NDC's deputy leader, outgoing Attorney General Dr. Alexis, also scored a comfortable victory in St. George South East.

Haiti

Independent Candidates Want Elections Postponed

Port-au-Prince Signal FM Radio in French 1030 GMT 21 Jun 95

[FBIS Translated Excerpt] The independent candidates have protested vigorously, after the president of the Provisional Electoral Council [CEP], Anselme Remy announced that neither the photograph nor the emblem of 12 independent candidates who are to participate in next Sunday's elections will be printed on the ballot. There will be only a small blue and red flag (?printed) on the ballots of independent candidates.

These candidates are pounding on the table with their fists. They are asking that the upcoming elections be postponed, affirming that this is not a mistake but rather a strongly discriminatory way to shunt them aside from the elections. Let us listen to, successively, (Jean-Jacques Leonidas Appollon) and (Jean-Jacques Walter), two independent candidates.

[Begin recording, in Creole] [(Appollon)] [passage omitted including indistinct portions] We would suggest to the CEP that if there is no way for everyone to have equality of opportunity...[pauses] and we think that. It is because the CEP is embarrassed to do so that it does not put off the elections. [passage omitted]

Electoral Council To Start Distributing Ballots

PA2006230295 Port-au-Prince Radio Metropole in French 1600 GMT 20 June 95

[Report by Rodrigue Sejour from "The Midday Newscast"]

[FBIS Translated Excerpt] Today, the Provisional Electoral Council [CEP] is due to start distributing ballots at the departmental and communal polling stations. Approximately 10 million ballots printed in the United States will be distributed among 10,031 polling stations throughout the Republic to accommodate 3,500,000 registered voters, and 55,000 people will be recruited for the 25 June election.

During a news conference, CEP authorities also said they will benefit from the logistical support of the United Nations and the UNMIH [UN Mission in Haiti] for the 25 June and 23 July elections, but the council deplored certain problems regarding the printing of ballots. Reporter Rodrigue Sejour has filed a report:

[Begin Sejour recording] Ballots have been in Haiti since 17 June, the CEP president has announced. During a news conference on 19 June, Anselme Remy announced that ballots of the independent candidates have been printed without seals, a situation deemed so serious that the CEP has denied all responsibility for this blunder. Anselme Remy insisted the seals of all the independent candidates, except those of 12 candidates, have been sent to the institution in charge of printing the ballot papers. To correct this situation, the CEP has promised to provide observers who would assist voters who may have difficulty identifying the candidates for whom they wish to vote. [passage omitted].

Furthermore, the CEP president said that 3,500,000 voters are registered for the 25 June elections and that 10,031 polling stations, though 9,000 were initially planned, will be installed throughout the country. Fifty-five thousand people are to work in those stations and will be recruited by the CEP.

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Polling stations will be equipped with electoral material by 23 June at the latest, said Anselme Remy, who took the opportunity to express his gratitude to the United Nations, UNMIH, and other foreign organizations for their logistic support. Without their contribution, the mission would have been difficult, the CEP president said. [passage omitted].

It should be noted that the CEP intends to issue the official electoral results of the elections within eight to 10 days from the day of the ballot. The CEP renewed its commitment once again to hold free, honest, and democratic elections. [end recording]

Aristide Campaigning 'Openly' for Lavalas

Port-au-Prince Radio Metropole in French
1600 GMT 20 Jun 95

[FBIS Translated Text] Thus, a few days before the elections, the electoral campaign has entered an active phase. The Lavalas platform is openly being supported by President Aristide. Here is a report on the way the electoral campaign is going in the Port-au-Prince area by [words indistinct] [reporter] Clarens Renois.

[Renois] The electoral campaign has definitely entered a decisive stage. Five days from the elections, it looks as if the parties and the candidates have (?gone into overdrive) for the final spurt. All resources and energies have been seet to work to contribute to this capital phase of the electoral campaign — a campaign that was, at moments, lifeless.

On Monday, 19 June, Port-au-Prince awakened to discover, in its skies, a campaign plane hired by the Lavalas platform. In addition to the banners put up in the metropolitan area, this party, undoubtedly the most active in the campaign and also undoubtedly the best financed, has decided to make use of the big means of motivation of its members and followers — among them, the president of the Republic. Jean-Bertrand Aristide is no longer hiding his intentions. He is now openly campaigning for the Lavalas platform, and today, Tuesday [20 June], he will receive his party's candidates at the national palace — undoubtedly a matter of giving the final push to the platform of Lavalas, whose symbol is a table.

Unable to campaign in the air, the other political parties make excessive use of the walls of Port-au-Prince, where, every day and very quickly, the most diverse slogans: Vote for the Conacom sun; make the sign of the PDCH [Haitian Democratic Party] cross; choose the five-gourde bill; independents, vote for the FNCD [National Front for Change and Democracy] rooster; pick up the RDNP [Assembly of Progressive National Democrats] house — such are some of the slogans and posters pasted and painted on the walls of Port-au-Prince, which has put on its electoral costume for the occasion.

A panoramic view of the Haitian capital allows us to get an overall idea of the electoral scene: a scene composed of all colors, all tendencies, all leanings, all ideologies.

The campaign would undoubtedly not be complete without the graffitti and pamphlets calling for boycotting the 25 June election. In this connection, t he People's National Assembly [Assemblee Populaire Nationale, APN] is the only party or political organization to take a different direction.

The airwaves, too, are filled with the paid messages of the candidates and parties. There, too, the battle is a tough one, and only the parties with the most money will occupy the greatest media space. At the same time, the press, too, has gotten into the act, organizing debate after debate in which the candidates lay out their ideas and programs before audiences of voters who are sometimes reticent and often suspicious.

Meanwhile, the Provisional Electoral Council (CEP) is putting the final touches on the organization of the election, in which more than 3 million voters are called upon to elect 18 senators, 82 deputies, 132 mayors, and 565 Casec [Administrative Council for the Communal Section].

Panpra's Gilles 'Censures' CEP 'Arbitrariness'

Port-au-Prince Signal FM Radio in French
1030 GMT 21 Jun 95

[FBIS Translated Excerpt] The Nationalist Progressive Revolutionary Party of Haiti [Panpra], headed by the socialist Serge Gilles, held a news conference yesterday. The purpose of the conference was to provide information regarding the tour of Europe and the Mediterrean area by the Panpra delegation made up of former senator Serge Gilles, general coordinator of Panpra, and (Philippe Stephenson), member of Panpra's national coordinating bureau. The Panpra leader seized the opportunity to set forth his party's position regarding the upcoming elections. Serge Gilles censures [words indistinct] certain decisions made by the Provisional Electoral Council [CEP], which he calls undemocratic. Gilles also denounces the practice, adopted by the CEP, of applying two different standards, citing as examples — as (?a basis) for his arguments, the (?disqualification) of certain candidates on unjustified grounds. Listen to Serge Gilles.

[Begin interview with Gilles, live via phone or recorded, in a mixture of French and Creole] [passage omitted containing indistinct portions]

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[Gilles] We say, openly, that we have a problem with the CEP. The CEP must improve its image, must reassure the population, must improve its credibility a bit — and for several reasons.

First reason: the business of the (?10) million ballots. The president of the CEP announces, declares publicly, that there are (?10) million [word indistinct]! Don't you see? We are (?barely] three million voters — thus, that is a serious matter! And one week later that same CEP president announces that he had been joking. At that point, I myself say: No! That is simply not sober behavior! Be careful! Don't announce just any old thing to us! It is THE NEW YORK TIMES...[pauses] that it was a joke [words indistinct]. Ah, no! That is not sober behavior! [passage omitted containing indistinct portions]

The second thing is that the (?CEP's leader got the CEP into a confrontation), in an arbitrary way vis-a-vis [words indistinct] political parties and prominent political figures. We say that we ourselves, (Saurel), (Levine), uh...[pauses] the senator [words indistinct] were disqualified because they are popular. [sentence indistinct] Well, no! That is not right! They were penalizing a person for being popular — because the reproches are never true, and they can prove that they are not true! [passage omitted containing indistinct portions]

The Rene Theodore affair: I mean, this is simply not possible! On what grounds may Rene Theodore not participate in the election, along with the MRN candidats, when he was duly registered? That is arbitrariness! One cannot accept that. [passage omitted containing indistinct portions]

Trinidad & Tobago

Former Attorney General Killed Outside Home

FL2106121495 Bridgetown CANA in English 221 GMT 21 June 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, June 20, CANA — Former Trinidad and Tobago Attorney-General Selwyn Richardson was shot dead outside his home Tuesday evening. Richardson was shot twice in the chest by unidentified gunmen as he entered the driveway of his home in Cascade, on the northern outskirts of Port-of-Spain. The murder occurred around 7 PM, when the prominent lawyer was returning home from work. The motive for the killing was unclear, according to police reports.

Richardson was Attorney General in the National Alliance for reconstruction (NAR) administration. He was among parliamentarians trapped in parliament when a radical Muslim group, the Jamaat-al-Muslimeen, staged an insurrection in 1990. He was shot in the leg then. Richardson developed a reputation as a fighter of corruption and was dubbed "Mr. Clean".

Police Theory: Richardson Killed for Anticorruption Stance

FL2206003095 Bridgetown CANA in English 2120 GMT 21 Jun 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, June 21, CANA — Former Trinidad and Tobago Attorney General Selwyn Richardson, who was gunned down on Tuesday night, died as a result of shock and haemorrhage, brain injury, and several bullet wounds, according to an autopsy. The autopsy, conducted by pathologist Dr. Neville Jankie at the Forensic Science Centre in Port of Spain on Wednesday, confirmed that Richardson, also a former National Security Minister, was shot six times. Richardson was shot once in the head and in several areas in the upper chest region.

Police are working on the theory that Richardson, who was well known for his anti-corruption stance, was executed by two men who ambushed him at his home in Cascade, on the northern outskirts of the City. The official police report on the fatal shooting states, "At 7:35 PM, on the 20th of the sixth month, the deceased, Selwyn Richardson of number 8 Samaan Road, Cascade, had entered his premises driving his vehicle when he was confronted by two men who shot him about the upper body. He died in a seated position in his car. The body bore wounds to the head, chest, and upper body."

Richardson was a senior member of the opposition National Alliance for Reconstruction (NAR).

Robbery Motive Ruled Out

FL2206002995 Bridgetown CANA in English 2043 GMT 21 Jun 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, June 21, CANA — Trinidad and Tobago police on Wednesday [21 June] ruled out robbery as the motive behind the brutal murder of former attorney general and minister of national security, Selwyn Richardson. Police Commissioner Jules Bernard told the Caribbean News Agency: "The motive was certainly not to rob, because all the property Mr. Richardson had on him remained on him. So that would rule out any motive for robbery...." Richardson, a 59-year-old prominent lawyer, was shot in his car outside his home by unidentified gunmen Tuesday evening, as he returned from work.

Bernard declined to speculate on a motive for the killing. However, he told CANA a high-level police

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team was dealing with the case: "The killing of Mr. Richardson last night was a very brutal attack. Mr. Richardson has been a very prominent citizen in this country, politician, attorney-at-law, and we in the police service consider this murder to be a very, very serious matter because of the circumstances," he said. He added: "(On Tuesday night) we had our full crime scene crew outside, searching for evidence at the scene of the crime. We have put together a team of investigators which would be managed by the assistant commissioner of crime, to investigate this murder, and this team will be working full-time on this particular report. I'm meeting with the team sometime this afternoon to discuss certain clues and to decide on strategies which we are going to put in place in an effort to bring the perpetrators to justice." Bernard said the team was going "all out" to investigate all possible leads. "We would certainly hope to effect an early arrest in this matter."

Commenting on the murder, Attorney General Keith Sobion, Richardson's cousin, said: "It makes one wonder why people think it is necessary to do these things." National Security Minister, John Eckstein, said: "Like every other right-thinking citizen, I am saddened and disheartened by the circumstances that have led to the untimely death of a very distinguished citizen, a former attorney general and government minister."

Richardson served in the National Alliance for Reconstruction (NAR) government during its 1986-1991 term. Former NAR leader, Selby Wilson, said: "Selwyn was always someone who showed very strong courage. It is frighthening what has happened. I knew him since we were on the same team." Richardson, who came from the south east Trinidad village of Mayaro, was among parliamentarians held hostage in Parliament during a 1990 insurrection staged by the Jamaat-al- Muslimeen.

Former NAR Sports Minister Rawle Raphael, who was also held hostage, said: "When Selwyn was hit on the head — on the ear, actually — with a gun, he bawled out so loudly, I wondered who was next, since I was in that row. But you know, eventually the same guy who hit him with the gun began talking about all kinds of things, later on even talking about Mayaro." Raphael said that "the country has lost a man of complete integrity and honesty."

Caricom Diplomats Shocked by Assassination

FL2206004295 Bridgetown CANA in English 2221 GMT 21 Jun 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, June 21, CANA — Caribbean diplomats and St. Vincent and the Grenadines Prime Minister James Mitchell on Wednesday expressed shock at the murder of ex-Trinidad and Tobago Attorney General Selwyn Richardson. Richardson was gunned down Tuesday [20 June] evening outside his home by two assailants.

Current coordinator of Caricom diplomats at the Organisation of American States (OAS), Ambassador Dean Lindo of Belize, said the news of Richardson's murder "is shocking, and underscores the need for collective action on the part of this hemisphere to effectively confront terrorism and lawless behaviour."

Antigua and Barbuda's permanent representative, Ambassador Patrick Lewis, said: "We deplore the murder of the former attorney general." He said the murder "demonstrates that we have to be very vigilant in terms of confronting terrorist activity." Dr. Lewis, who is vice chairman of the OAS subcommittee on Hemispheric Security, said recently there has been a rise in terrorist activity and unwarranted violence in pursuit of certain political objectives. "This necessitates the cooperation of the hemisphere in meaningfully addressing this issue at upcoming fora such as the hemispheric meeting of ministers of defence next month in Virginia, and at the OAS Confidence-Building Measures meeting in Chile in November," he added.

Richardson was attorney general of Trinidad and Tobago during the 1990 attempted coup in the Caribbean island-nation and was among those held hostage for several days.

Prime Minister Mitchell said: "It may well be that his assassination has something to do with the drug trade in our region. I know he is someone who has stood up vigorously and vehemently against the drugs trade, and it looks as though someone like him has to be silenced even though he is not in the forefront of the political scene with any responsiblity for government," added the Vincentian prime minister. Mitchell said Richardson's death brings into focus problems of security in the region. "...I am absolutely appalled to hear that he was assassinated. It goes to show that problems of security in these states cannot be taken for granted; it's no joke," said Sir James. "I wonder what sort of signal it's giving to us politicians now — that we are not safe even in retirement," he added.

Murder Raises Regional Security Concerns

FL2206011695 Bridgetown CANA in English 2321 GMT 21 Jun 95

[FBIS Transcribed Excerpt] Port-of-Spain, Trinidad, June 21, CANA — Trinidad and Tobago's top police investigators were on Wednesday trying to unravel their biggest mystery for the year: Who killed crusading former attorney general and national security minister,

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Selwyn Richardson? As the sleuths pondered clues, government leaders here and elsewhere in the Caribbean were demanding swift justice, but also wondering if the brutal gun killing was sending an ominous warning to the region.

Richardson, a 59-year-old prominent lawyer remembered here for spearheading the government's fight in the multi-million dollar bribery and corruption case involving U.S. businesses, including the Texan oil company, Tesoro, and late Trinidad and Tobago petroleum minister, John O'Halloran, was shot six times outside his home in Cascade, on the outskirts of Port of Spain, by two unidentified men Tuesday evening. [passage omitted, including previously covered material]

There was speculation here and across the Caribbean that drug dealers were behind the killing. [passage omitted]

Caribbean Rights, a Barbados-based human rights monitor, spoke of "Mafia-style killings" in a letter to Trinidad and Tobago Prime Minister Patrick Manning, in which it expressed the hope that the authorities here would move "swiftly and effectively to bring to justice those involved in the murder of Richardson." Caribbean Rights said, "The assassins of Richardson have sent a dangerous message to people in public life, not just in Trinidad and Tobago, but across the Caribbean region. This is a message that must be swiftly and firmly rejected by all who believe in the rights of the individual and the rule of law." [passage omitted]

In Washington, Caribbean Community diplomats condemned the killing. [passage omitted]

Richardson held the portfolio of attorney general and minister of legal affairs first in the People's National Movement (PNM) government, and later, the National Alliance for Reconstruction administration, when he switched sides. He had a reputation for going after the big figures in crime.

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Secretary: Financial Crisis To Be Overcome by Late 1995

PA2206022395 Madrid EFE in Spanish 1504 GMT 20 Jun 95

[FBIS Translated Text] Madrid, 20 Jun (EFE) — Guillermo Ortiz Martinez, Mexican finance and public credit secretary, said today that the financial crisis Mexico is experiencing "will be completely overcome by late 1995" and that the economy will start recovering in 1996. "We are trying to make the adjustment as painless as possible," Ortiz said during a news conference. He admitted the actual unemployment rate in Mexico is "much higher" than that indicated by the official data (approximately 5 percent of the working population).

Ortiz held a news conference at the Madrid Stock Exchange today on the Mexican economic situation and the results obtained so far with the adjustment plan the government of President Ernesto Zedillo has been promoting since March 1995.

Referring to the first results of the plan, Ortiz said "public finances have been strengthened considerably, and the public sector's surplus in May indicates an increase of approximately 100 percent compared to the increase recorded in the first quarter of 1994."

In addition, budgetary spending decreased by 15 percent in real terms, and revenues increased by 2.8 percent, particularly because of better oil yields. The trade balance went from a $7.2 billion deficit in the January-May 1994 period to a surplus of approximately $2 billion during the same period one year later.

The finance secretary said we have now experienced "a substantial increase in exports," contrary to the adjustments made during the 1982 crisis, which prompted imports to decrease significantly.

As for the Tesobonos [Treasury Bonds] (securities issued in dollars), he explained that from the $30 billion balance registered in late 1994, we went to a current $10 billion balance. The amortization of part of these Tesobonos in July and August "will pose no problems," and "the goal is to finish paying them by year's end."

With the measures taken, "the country has been gradually able to regain the potential of having access to capital markets," the Mexican secretary affirmed. He mentioned as an example the agreement Mexico's National Foreign Trade Bank of Mexico and Spain's Santander Business Bank signed yesterday, according to which the Mexican bank will issue $300 million in Eurobonds.

According to Ortiz, the peso has been strengthened, by approximately 20 percent from March to date, since the economic program was announced and is indicating signs of being more stable.

The Mexican finance secretary ruled out the possibility of modifying the Mexican floating currency system for the time being, adding the mechanisms that prompted a higher stability than that recorded in early 1995 have been implemented.

"In the future, once the reserves of the Bank of Mexico [Banxico] are recovered, we do not rule out the possibility of reimplementing a certain exchange rate system that will allow the nominal exchange rate to be more predictable," the Mexican official explained. This possibility must come along with, however, a "policy that will prevent erratic fluctuation periods. In addition, the exchange rate must keep exports competitive."

According to Secretary Ortiz, the stock market has recovered a major part of its losses, and the reduction in interest rates has coincided with a reduction in inflation rates. An inflation rate of 3-3.5 percent is expected for this month and will be less than 2 percent in July, the reason why the possibility of interest rates, which are still very high, continuing to decrease is likely, he underscored.

Regarding the consolidation of the banking system, Secretary Ortiz said that "it is heading in the right direction" and that "the use of the liquidity Banxico has given banks to prevent them from failing to fulfill their obligations in foreign currency" has been reduced significantly.

The National Development Plan, he affirmed, seeks "to reestablish growth conditions in the economy, and we are fighting against demographics here, because the growth rate of the labor force exceeds 3 percent annually although we have a population growth rate that is the lowest in this century (1.8 percent)." This is why "we need to create more than 1 million jobs a year" in order to meet this demand, without taking into account those workers who are jobless, and we need to "have economic growth rates exceeding 5 percent annually."

Ortiz said the GNP will have a negative growth of 3-4 percent this year, but he is confident "we will begin experiencing strong, growing dynamics" in 1996.

Secretary Discloses Unemployment, Underemployment Figures

PA2006235195 Mexico City NOTIMEX in Spanish 0000 GMT 20 Jun 95

[FBIS Translated Text] Toluca, 19 Jun (NOTIMEX) — Approximately 8 million Mexicans do not have a steady job, and another 700,000 people are expected to join

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their ranks by the end of 1995, Labor Secretary Santiago Onate Laborde said today.

Inaugurating the Productivity and Competitiveness Council in Mexico State, which neighbors the country's capital, Onate Laborde said 2 million Mexicans are unemployed, while another 6 million resort to underemployment to earn some income.

According to data from the Mexican Social Security Institute (IMSS), 30,000 jobs have been lost so far this year in Mexico State alone, Onate Laborde added.

He said there could be a "slight" increase by the end of the year in the number of jobs created once the positive effects of the economic program implemented by the government of President Ernesto Zedillo last March begin to appear.

In reference to the possible modification of the Federal Labor Law, the official said it will seek to benefit the workers and to adapt their situation to the current circumstances of the Mexican productive sector.

Accompanied by Governor Emilio Chuayffet Chemor, Onate Laborde admitted that several programs designed to increase workers' level of training have had little success, given the effort has not led to better salaries.

He said he expects the Quality and Productivity Council will enable the government to implement cooperation plans in each productive sector as well as to remove administrative and bureaucratic obstacles.

Meanwhile, Chuayffet Chemor said employment constitutes a top social priority in which preserving and boosting offers are key to development and economic growth.

He insisted it is imperative that development be given more importance so as to guarantee the economic activities that promote employment and the constant spread of social well-being.

In this regard, Chauyffet Chemor believes the National Development Plan (PND) is right on the mark in its assessment of the training efforts in the country, which are not in sync with the labor markets, and its evaluation that there is poor coordination between the public and private sectors.

Chiapas Antireform Forces Seen at Work

95CA0255A Mexico City LA JORNADA in Spanish
30 May 95
'La Jornada del Campo' supplement pp 4-5

[Commentary by Luis Hernandez Navarro, adviser to the National Coordinating Board of Coffee Grower Organizations and researcher at the Center for Studies for Change in the Mexican Countryside: "Words Are Not Deeds: Power Structures and Legality in Chiapas"]

[FBIS Translated Text] *To the memory of Guillermo Gonzalez Guardado, a revolutionary in both youth and age, who lived and died defending the cause in which he always believed.*

At different moments and in different ways, government negotiators have insisted on what they consider the inevitable starting point for the pacification process in Chiapas: the conversion of the EZLN [Zapatist National Liberation Army] into a legal organization. Marco Antonio Bernal, a member of the federal government commission, told the weekly PROCESO: "The Harmony and Pacification Law actually sets the course for us. We are dealing with an illegal force, and it has to be transformed into a legal organization; it must necessarily have a public identity." Gustavo Iruegas, another of the government negotiators, said: "We do not believe there is any other way but for it to become a legal organization; anything else would mean that hostilities will continue. So, no matter what their communiques say, that is the only way: for them to become a legal organization."

The government's desire for the EZLN to become a legal organization does encounter some serious problems. They are related to a variety of factors, among which three are the most important: a) the legal framework of the pacification proposal; b) the relation existing between legality and legitimacy between Zapatism and the federal government in the context of the present political situation; and c) most important of all, the nature of the existing power structures in Chiapas and in the rest of the country, which were the direct cause of the armed uprising, and how these power structures have been altered throughout the course of the conflict.

As Paula Fernandez wrote (LA JORNADA, 19 May 1995), the only explicit reference to the conversion of the EZLN into a peaceful organization is contained in the third paragraph of Article 2 of the law on dialogue, conciliation, and an honorable peace in Chiapas. There it states that "it shall be the aim of the harmony and pacification accord (...) among other aims, to reach agreement on the bases that will permit: (...) III. Encouraging the members of the group involved in the conflict cited in Article I, in support of their various political and social demands, to engage in the exercise of politics within the peaceful channels offered by the rule of law, with absolute respect for their dignity and with the protections afforded to Mexican citizens."

The objective of engaging the EZLN in the "exercise of politics within peaceful channels" is one among six other objectives. The law does not prioritize any of

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them. Emphasizing this point unilaterally, as is done by the government's insistence on this issue to the detriment of the other objectives, violates the spirit of the law. Without going further into this issue, one objective established in the accord is providing attention to the causes which led to the uprising and the promotion of solutions reached by consensus (Article 2, subsection II).

In addition, the legal clauses do not at any time specify that the EZLN will have to become a party or political association. Even though the political parties in Mexico do have a monopoly on electoral participation, they do not have a monopoly on political action. In fact, the Zapatistas are today a political-military force that engages in politics and that has an impact on electoral processes, though without participating directly in these processes with candidates or campaigns. This point opens the debate on the existence or nonexistence of the rule of law in our country. The fact that various public officials are constantly insisting on this as a goal to be achieved shows, at the very least, that the rule of law does not fully exist now. If the rule of law does not exist, will the Zapatistas be brought into legality or not? Can they not argue that the full existence of the rule of law is a compulsory prerequisite for their conversion into a legal organization?

Legality and Legitimacy

The debate, though, has a distinct articulating matrix. The EZLN has acted as an insurgent force, that is, as an instrument for establishing a new national plan, and it has managed to place its action in the context of recovering a legality which in its view has been severely distorted by the present Executive. From the First Lacandon Forest Declaration to the Third Declaration, it has justified its policy on the basis of constitutional precepts and on the recovery of the Nation.

As the EZLN has not been defeated militarily and its political strength has risen to surprising levels (75 percent of the residents of the capital sympathized in some way with them in April 1995, according to a Mori poll), the conversion of Zapatism into a legal organization can only proceed either because its objectives of national restoration have been met, or because political conditions in the country have been changed to the point of making its expression as a military force unnecessary. So far, that is not the case.

Using a variety of approaches, Octavio Rodriguez Araujo and Antonio Garcia de Leon (LA JORNADA, 18 May 1995) pointed out the complex relation which exists between legality and legitimacy, and between the federal government and the EZLN. Both authors clearly established the difference between the two, and emphasized how Zapatism has become a growing and undeniable political-moral reference point, while the government's credibility is rapidly eroding. In essence, what this is is the end of the state party system, its terminal crisis, and the role which the EZLN is playing as the catalyst of the process and as the articulator of the countryside. Zapatism has become the dynamizing element of a broad civic movement with a national presence which is calling for indepth solutions.

Chiapan Transformations

More than 16 months after the start of the armed conflict and the civic-ethnic-agrarian explosion, the Chiapan oligarchy and its archaic forms of exercising power continue to remain dominant in Chiapas. Of course, in almost half of the municipal governments municipal councils are governing, autonomous multi-ethnic regions have been created, and a large quantity of lands have been recovered by campesino groups. But these are *de facto* situations which express the degree of organization and initiative of Mexican rural communities, but not the political reality of government institutions in the state.

That is not an unimportant fact. The reigning political structures in Chiapas which were the direct cause of the insurrection arose largely from the peculiar relation which was established there concerning the land and the power structures. Of course, these structures were also deeply interwoven with the way in which capital has been used in that state, and with the mechanisms of relations and alliances established between the federal government, national power groups, and the Chiapan oligarchy, but to a great extent, its archaism and brutality stem from the backwardness with which the lords and masters of the land have treated both the labor force and nature.

The land acquisition programs introduced during 1994 served not to implement an authentic agrarian reform, but instead, they were frequently used so that local politicians and landowners could make big business deals. Part of the lands acquired were intended more to satisfy special interest groups loyal to the PRI [Institutional Revolutionary Party] than to resolve real demands. Between May and December 1994 Chiapan livestock producers received more than 49 million new pesos as rent for their invaded lands. More than 157 million new pesos were squandered on acquiring in a chaotic manner 401 properties in 62 municipalities, many of them outside the area of conflict, while paying above-market prices and on occasions acquiring poor quality lands. Despite the enormous outlay of funds, the agrarian problem remains almost as severe as it was at the start of 1994.

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An analysis of the composition of the state cabinet makes one point clear: those who hold government offices (from the top down to the least important) belong to the same old power groups. Without going any further into detail, and just as an illustration, the new official in charge of the State Coffee Board, Andres Bejarano Ortega, is an important local agricultural businessman from Soconusco who is allied with the CNC [National Peasant Confederation].

A similar situation exists with the distribution of government resources. Social groups close to the groups in power are favored. The announcements of large economic spending programs throughout 1994 frequently remained in the papers and speeches of the officials who announced them. In other cases they were used for other purposes. Here is a single instance, as an example. During the implementation of the Special Coffee Cultivation Support Program in 1994 in which a payment of 700 new pesos per hectare was given to each coffee grower, in Chiapas 97,000 coffee growers were aided by this support program, despite the fact that, according to the Inmecafe [Mexican Coffee Institute] census, there are only slightly more than 73,000 people involved in coffee growing in the state. This means that resources intended for coffee production were given to people who were not real coffee growers. Strangely, among the places where the pattern of beneficiaries was most inflated is the territory in which the candidates for deputies from the PRI were the leader of ARIC-oficial [Rural Associations of Collective Interest (pro-government faction)], Lazar Hernandez, and Rafael Ceballos. A study now in progress on the distribution of Procampo [Program for Direct Support to the Countryside] resources for corn in the Fraylesco area—an area under the influence of deputy and corn producer leader German Gimenez—shows exactly the same pattern.

Another situation prevails in electoral matters. A new Electoral Code was recently approved. It created new election districts and expanded the number of multimember district state congressional seats. However, a monopoly on electoral participation in the political parties was maintained, the electoral "pool" was fragmented, and the remunicipalization of the state has been left undone.

Furthermore, the electoral reforms conceal a problem of substance: the lack of spaces for real power for different ethnic groups. In Chiapas—as elsewhere in Mexico—an important movement has been generated that is demanding the creation of autonomous multi-ethnic regions and/or a reformulation of the functioning of the indigenous municipalities. Ethnic political representation obviously entails raising anew the issue of the amounts of and mechanisms for channeling financial resources for the development of these regions. This is not just a matter of dealing with indigenous social demands in a paternalistic manner, but rather of creating the institutional and legal mechanisms so they can become the architects of their own development. Moreover, these groups want to implement government mechanisms so that the small groups of ladinos who control the municipal main towns will have no way of manipulating the municipalities, and so that the various places or municipal agencies can be truly brought under the control of municipal governments. None of this has been discussed in Chiapas or in the rest of the country. On the contrary, the treatment given by federal institutions—not to mention the state institutions—to the Chiapan indigenous organizations has become even more authoritarian and exclusive.

The administration of justice continues to have the same shortcomings it has always had. Despite government statements about restoring the rule of law in the state, the "white guards" act with total impunity. The CNDH [National Commission for Human Rights] has called their activities a grave occurrence (LA JORNADA, 24 May 1995). The Federal Army continues to be used in land evictions and for settling agrarian conflicts, always on the side of those described as large estate owners. The jails remain full of innocent people, starting with people who have been said to be Zapatistas, with no other proof than the word of some mystery witness. Other people arrested outside the area of conflict and also accused of being Zapatistas have been interrogated in a military camp and tortured (LA JORNADA, 25 May 1995). No satisfactory response has been given to the reports of human rights organizations like Human Rights Watch on the summary executions in the Ocosingo market and the Morelia ejido. Strangely, the Federal Army's presence has not prevented kidnappings and robberies from continuing to be perpetrated in abundance in this state, and it certainly has not kept campesinos from being frequent victims of violence.

Words Are Not Deeds

While in the specific case of Chiapas the causes which led to the conflict still persist, despite government statements to the contrary, the same thing is happening on a national level. Without going into further detail, and without on these points completing the Zapatista agenda, the present administration has now declared its refusal to reconsider the need to revise the reforms of Article 27 of the Constitution, using basically ideological arguments, even though this is a demand that is quite widespread and is backed by large campesino groups, as the reforms have not served the purposes for which they were intended (from bringing private investment to rural areas up to giving legal "certainty" to land posses-

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sion). In practice the Salinas agrarian reforms caused the breakup of the old pact existing between the campesinos and the state and its replacement by a nonpact; in addition, the reforms left the regulation of Article 4 of the Constitution still pending.

Without going further, the "legal" treatment the federal government has given to legal opposition political groups in recent months does not seem the best incentive to encourage the integration of Zapatism into legal life. The local elections in Tabasco, the imposition of the PRI governor in that state, the government's breaking of the agreement with the PRD [Party of the Democratic Revolution] to solve the conflict: all these elements have shown that the present administration, beyond its formal political line, has little desire to move toward democracy. Moreover, the quashing of Route 100 and the offensive against its union have shown that legality is a luxury the government can easily do without when legality gets in its way in promoting its political agenda. If that is the framework for conflict resolution that is permitted by the present "legality," if political blockading by "legal" means is a constant for emerging opposition groups, why would a group that has renounced this for years and has prepared for action want to join in this "legality" now?

We do not need to draw up a list of recent cases in which Latin American guerrillas have become electoral machines to imagine the Zapatistas' distrust of an option of this nature. In Mexican history there are examples of campesino military forces that have been transformed into political parties, and civic groups which have branched off into armed movements. Jaramillism is one of them. But its experience shows the cost of this conversion without substantial alterations of the conditions which led such groups to take up arms.

In addition, it is sufficient to consider local and national conditions to reflect on the limitations which that approach would have in the present circumstances for a group with the EZLN's characteristics. The local power structure—not to mention the national power structure—that acted as a breeding ground for insurrection remains. So claiming that with that same structure in place—which obviously entails a certain relation with the federal government and with power groups of the federal government—the EZLN could become a legal organization does not seem to have much of a future. Even in the remote case of an inclusion in civil life that would allow it to keep its arms and so fulfill support functions in the administration of justice in a certain area, giving it some possibilities of surviving as a transforming option. Without going further, despite the "ink and Internet war" spoken of by Foreign Minister Gurrio, dozens of campesino leaders have been assassinated in the state during the last 16 months. That might be the fate of the Zapatista leaders if they agreed to their legalization without altering the rules of the game. Or, to put it more plainly: not only have the power structures that precipitated the conflict not changed, but the conditions for transforming those structures by other means have not even been substantially modified.

Too often the federal government confuses promises with deeds, offers with actions. But words are not deeds. And the road to peace can only be paved with actions. Actions that may lead, if they are effective, to the rebuilding of the traditional power structures on democratic foundations.

Correction to Bancomext To Conclude Placement of Bonds

PA1906150495

The following correction pertains to the item headlined "Bancomext To Conclude 1st Public Placement of Bonds," published in the 19 June Latin America DAILY REPORT, page 17:

Column one, paragraph four, only sentence make read: ...yield ranging between 5-5.5 percentage points over... (correcting percentage)

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El Salvador

Villalobos Discusses Opposition Parties

95CA0258A Managua EL SEMANARIO in Spanish 1 Jun 95 pp 10-11

[Interview with Democratic Party founder, and former FMLN leader, Joaquin Villalobos, by Walter Lacayo Guerra; on 18 May in Managua]

[FBIS Translated Text] He is a founder and third member of the board of directors of the newly formed Democratic Party of El Salvador. A former leader of the Farabundo Marti National Liberation Front [FMLN] and principal leader of the former People's Revolutionary Army [ERP], his reformist point of view leads him to the conclusion that the FMLN did not split up, but rather, "What happened was a necessary recomposition of Salvadoran political forces," he declares with conviction.

After his speech at the opening ceremonies of the Constitutional Convention of the Sandinist Reform Movement [MRS] last 21 May, Joaquin Villalobos granted EL SEMANARIO this exclusive interview.

[Lacayo] Since you come from the middle echelons of society, how do you explain your involvement in the armed struggle?

[Villalobos] Those are things I have thought about many times, because I did not belong to a traditional political family. Our household was a normal one, with the conservative attitudes that have predominated in societies such as ours, and with a religious education. My family thought that it was bad and dangerous to get involved in politics. We had assimilated the whole culture of submissiveness and obedience, but there was a rather constant perception of the perversity of those in power in our country. I was always mindful of the fact that the Armed Forces were bad, that they killed people, they repressed them; and that judges were corrupt. These are things that I have felt since childhood. I think those were elements that instilled in me values of respect for human dignity, sensitivity to others. That, plus the changes in the Church's social doctrine, brought me to the conclusion that I had to decide to do something.

[Lacayo] Decide to do something that could cost you your life.

[Villalobos] I never thought we would make it this far. We always said it was a matter of making a historical record of the fact that we did not agree with what was going on. We always thought we could be killed. Our philosophy was to attempt to achieve everything without any hope of winning everything. We considered ourselves optimists when all we had was seven pistols and a mimeograph.

[Lacayo] How did you come to be a guerrilla commander?

[Villalobos] In 1970, I joined a political organization that had nothing to do with anything armed, but in 1973, when I went underground, I did begin to get involved with armed movements. A whole series of changes took place then, changes of the sort that have a dramatic impact on revolutionary organizations. As a result, the top leader of the organization had to leave the country, and we were on our own. Then there arose the question of who could assume the leadership. That was in 1976-77. I was a combatant, and it was in that context that I was given the responsibility of assuming the leadership of the ERP.

[Lacayo] What were the main decisions you had to make?

[Villalobos] I was a participant in the design of the Urban Warfare Strategies, the Mass Struggle Strategy, and also the War Strategy, which was the most important one. Then came the Negotiation Strategy and the struggle to enforce the accords. That was a very long learning process. Of course, people always associate me with the military aspect. There is a tendency to put me in that category.

[Lacayo] When did your movement realize that a military victory was impossible and that negotiation was necessary?

[Villalobos] Well, the process was very complex, but I can tell you that from 1982 to 1988, we devoted our efforts to seeking strategic support for carrying out the offensive of November 1989 and to creating a whole international political framework that would allow us to turn that offensive into a final movement that would lead to negotiations. The timing of the offensive was more or less what we had predicted, but it did not yield results until December 1991, which was the end of the negotiations. Our calculations, however, were that the intervention of the United Nations peacekeeping troops would occur at the same time. The United Nations did intervene in the country, but not until two years later.

[Lacayo] Where is the FMLN that signed the Chapultepec Accord in 1992?

[Villalobos] The most important thing to be aware of is that El Salvador changed, and if it changed, obviously the political frame of reference had to change. We contend that when we entered a democratic process, the political parties could not be the same, nor could they be organized or arranged in the same way as they had been during the war. That is why I do not talk of a split, but rather of a recomposition of political forces. A necessary, healthy recomposition.

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[Lacayo] Do you feel any nostalgia for the unity of the FMLN?

[Villalobos] There are people who, when they talk to me about that issue, say, "What a tragedy that you split up." I tell them that it is no tragedy; it is simply the logic of history: The country changed. Now that there is no more polarization, I simply feel more comfortable delineating the differences between me and people with whom—at another time, because there was a war—I had to be united. What used to be the FMLN is now two groups. Some of us, along with other forces, went on to build the Democratic Party.

[Lacayo] How do you get along with your former comrades in arms?

[Villalobos] Badly, because they are trying hard to be a nonviable opposition. And we are more interested in finding solutions ...

[Lacayo] What do you mean by "nonviable"?

[Villalobos] They have taken on the role of being a pressure group rather than a force for finding solutions. Those are two very different things. If you have a party, it must be part of the solution. If you are a pressure group, you can play at being merely an expression of the problems.

[Lacayo] Your organization has a small number of legislative seats. With whom do you normally vote to pass legislation?

[Villalobos] So far we have worked very hard to achieve a consensus, and we have been successful. All of the political parties have voted together.

[Lacayo] Have you had to vote alone with the Nationalist Republican Alliance [Arena]?

[Villalobos] There has been no situation in which we have voted alone with Arena, but if it should become necessary, we would do so without regrets or embarrassment, for the sake of the country's stability.

[Lacayo] How do you respond when people say that the breakup of the FMLN was due to personal ambitions?

[Villalobos] People say that out of political ignorance, to a certain extent. Because there are things that are very logical: What was El Salvador like before the Peace Accords? And what is El Salvador like now? To say that the FMLN split up because there is one very old leader and another very ambitious one ... is a little ridiculous.

[Lacayo] Do you not think that, divided, you have less chance of winning the 1997 elections?

[Villalobos] What most diminishes the chances of the present-day FMLN to become a government option is its political conduct. We must accept that there has been a recomposition of political forces in El Salvador. Because it is not only the FMLN that has experienced division, which I like to call recomposition. And that is strong proof that it is not a question of personal problems. Arena split up, the Christian Democrats split up, and the FMLN split up. The country changed; all of the political parties changed. Plain and simple, it is the struggle between those who insist on adhering to the political values of the past and those of us who are struggling for modernization.

[Lacayo] Let us go into more detail on that recomposition of political forces...

[Villalobos] It is a mistake to think that Arena is the party of the Death Squads. Arena is a different political force. If we do not look at it in that light, we are mistaken. I came out of the war; I learned there that you had to know your adversary well to defeat him in battle, and that adversary has changed.

[Lacayo] What about the Christian Democrats?

[Villalobos] If the Christian Democrats, who are a party of the center, had not become so weakened, they would be governing today. They were Arena's natural rivals, and they have disintegrated. On the other hand, the FMLN persists in being a nonviable party of the extreme left, a contentious organization that can be found at the head of whatever disorder there is in the country. It even takes in demobilized military forces, who are the most violent expression there is in socity—a social problem that must be addressed—but I would never put them in my political ranks, because they are the sector that society had a low opinion of, because they were the National Guard, the Treasury Police, the Death Squads. And the FMLN, out of a sense of populism, is putting them on its side. So the FMLN ends up paying the entire price of this sector's violence.

[Lacayo] How would you categorize the FMLN?

[Villalobos] The FMLN still has a profile of violence; it is a party that instills fear, that may win one of its demands because it scares people; but it also loses elections by scaring people. So it is obvious that the center is a vacuum, and if there is not a movement, a political force that can become an active competitor, Arena will defeat us for the next 25 years no matter who the candidate is, just because there are no credible competitors.

[Lacayo] And the Democratic Party hopes to be that force?

[Villalobos] Our whole approach is to contribute to the equilibrium of the country's political system. To make

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sure there is a viable competitor, a center-left option, for lack of a better term, an option that is acceptable to all sectors, that will respect democratic institutions, that will play by the rules, and that will not bring about any dramatic changes. People do not vote for dramatic changes because that means confrontation, shutting out others. And when other sectors are shut out, they have to defend themselves, and that leads to war. To be a viable electoral party, you have to be a party that has adversaries, but not people who will flee the country the day we win an election—rather, people who will accept our victory.

[Lacayo] Are you not afraid that people will accuse you of being a "social democrat"?

[Villalobos] Absolutely not. In fact, we go a little further than that. That is why we not only talk of social democracy, but we also try to open up the spectrum to modernizing liberal currents that had a major influence on democratic changes in El Salvador during another era, and on important economic changes that took place in the country.

[Lacayo] Have you asked to join the Socialist International?

[Villalobos] The party joins forces with groups that came from the FMLN, with new people from the Christian Democrats, with others who have never participated in politics. There are also people from the National Conciliation Party, and people from the National Revolutionary Movement, which is a full-fledged member of the Socialist International. To that extent, we belong to the Socialist International.

[Lacayo] Where is El Salvador headed?

[Villalobos] The United Nations has listed El Salvador as the country with the most successful peace process in the world. What we signed in Chapultepec has become a reality. We still have problems with the programs for demobilized troops, but we have fulfilled more than 50 percent of the land transfer objectives. As for the political reforms, almost all of them have been carried out, but a new pact is becoming necessary. The Chapultepec Pact is finished, but we have not finished building our democracy. We are at that point. We do not know how that objective will be reached, but we will witness it.

[Lacayo] What are your personal goals? Have you thought about running for an elective position at the municipal or national level?

[Villalobos] No. We in the party have talked about using historical, traditional leadership positions to push forward and seek new leadership positions to govern. That is more or less our philosophy. We have a 20-member professional board of directors in the party, and eight of the directors are not from the left. That gives people confidence.

[Box, p 11]

On a Personal Level

I was born in June 1951 in San Salvador. I am the son of Luis Villalobos, founder of the Association of Graphic Industry Businessmen of El Salvador, who had a rather prosperous printing company. Because of the war, he had to leave the country; his business was destroyed.

I went to two religious schools, the Salvadoran Lyceum, run by the Marist Congregation from Spain, and the San Jose Boarding School, run by the Jesuits. Both are excellent schools. Just before I got my "bachiller" degree I joined the Catholic Student Youth, and then at the university, I joined the Catholic Association of University Students, which became linked to the social doctrine of the Church with the advent of John XXIII.

I am the fifth of six children, three girls and three boys. In college, I majored in engineering my first year, but I switched to economics for the next three years. The university was the anteroom to the armed struggle. I dropped out of college to go directly into the underground with the ERP right in the capital of El Salvador. I was underground until the war broke out in 1981, when the situation changed. I left the city of San Salvador in April 1981, and did not return until February 1992. I have been involved in political organizations for 25 years. My wife is Roxana Lemuz, and we have two children, four and a half years old and 10 months old.

Guatemala

Field of Candidates, Hopefuls Surveyed

95CA0257A Guatemala City CRONICA in Spanish 31 Mar 95 pp 17, 19-20, 23

[Report by Maria Olga Paiz and Iduvina Hernandez: "Candidates for the Candidacy"]

[FBIS Translated Text] There are all kinds: businessmen in suits and ranchers in hats, sly opportunists and naive loners from the plains. Some offer checks, while others beg for support. A few new faces can be glimpsed here and there among the recycled ones. The colorful cast of candidates for the nomination includes a former de facto governor, a former attache who served several presidents, a retired general, a former mayor, a deputy, two doctors, one returnee from exile, a housewife. Some behave in an affected manner, while others are easygoing. There are those who are

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intransigent, secretive, or bad tempered. Others have rubbed shoulders in diplomatic circles or bumped into one another at foreign universities. To a man they promise to put an end to poverty and violence and resolve the problem of unemployment. In a last-minute rush of top-level bargaining, the parties are all looking for their candidate, while those eligible scurry for a slot on the ballot.

On the Bench

At this point in time, disciplined members of the Guatemalan Republican Front (FRG) insist that General Efrain Rios Montt is the only presidential candidate. However, the statements of the general's followers have apparently been guided, not so much by blind faith in a political miracle, as by a delaying strategy aimed at preventing the voters from losing hope in his candidacy and his promises of order and citizen safety. Politicians claim that Rios Montt will not be eligible to run and that the FRG will have to call upon some emergent "batter" if it wants to gain power. Whatever the case, any candidate would have to emerge from the FRG membership because the party has rejected all groups such as the MAS [Solidarity Action Movement] or UCN [National Union of the Center] that have sought an agreement with them.

The list of candidates is indeed small. Political circles say that deputy and banker Arturo Soto and the general's loyal wife, who is a political veteran, are patiently waiting on the bench for Rios Montt to choose his substitute. Francisco Reyes has stayed out of the fray because he inherited the leadership from the general, who instructed him to compete with PAN [National Vanguard Party] member Oscar Berger for the mayoralty. Actually, Soto enjoys the dual advantage that the private sector looks favorably upon him, and the fact that he does not create antibodies in other political entities.

In the FRG, however, decisions are made in waltz time, meaning, in short, that there is no rush. According to the survey done by Mora and Araujo, Noguera and Associates, 30 percent of Rios Montt's backers claim that if the FRG leader does not run, they will vote for whomever he designates. Consequently, the general can deliver a goodly share of his votes. In other words, none of the Rios Montt precandidates is in a hurry to undertake an image campaign.

No Secret

However, if the course of the FRG is an unknown, that of the National Vanguard Party (PAN) is an open book. A few months ago, elements from private enterprise and a few of their colleagues tried unsuccessfully to dethrone Alvaro Arzu and seat Mayor Oscar Berger or industrialist Alejandro Botran in his place. However, the general secretary of PAN will try once again to ascend to the presidential office. Furthermore, even if his candidacy is not made official until May, Arzu will begin his campaign tour before Holy Week with a trip to the interior.

In other words, the top seat is already occupied, but the vice presidency is still vacant. Arzu has still not decided who will be his running mate. Nor is there any dearth of candidates in PAN. The name of Arabella Castro, former president of the Legislative Organization, for example, is on everyone's lips. Nevertheless, members of the Authentic Integral Development Party (DIA) state that Arzu asked that party's precandidate, Rolando Torres, to join the team. The purpose of an alliance with the DIA would be to achieve the broad front that PAN has not managed to put together. They claim that while the two groups reached no agreement, the door remains open. Another possibility is that, in order to achieve a reconciliation with the private sector, PAN will include on its ticket some businessman connected with CACIF [Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations].

Recycled Candidates

Like PAN and the FRG, the Christian Democrats (DC) have not put up any new faces. The initial ticket of five precandidates has been shortened by rejections and refusals. Even the prosecutor for human rights, Jorge Mario Garcia Laguardia, refused to allow the DC to mention his name among the possible candidates. "No one has ever spoken to me, nor have I ever sought out anyone because I am not interested in participating," the ombudsman said.

Consequently, the only name left is that of Fernando Andrade Diaz-Duran. This aspirant, who is an adviser to former President Kjell Eugenio Laugerud and the principal counsel to former de facto chief of state Oscar Humberto Mejia Victores, hosted countless banquets in an effort to promote himself and traveled to the point of exhaustion in search of a party that would provide a launching pad for his presidential aspirations. The National Union of the Center (UCN) learned of his flirtations and included him on its list of precandidates. In the end, Vinicio Cerezo opened the door to the DC for him.

The Christian Democrats are now trying to make Andrade the unity candidate of an alliance among the DC, UCN, and Democratic Socialist Party (PSD). According to Cerezo, the accord between the three political groups has the wind at its back. The former president hopes that at the meeting they will hold

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the first weekend in April, the alliance between the parties will be sealed. "This option must first have some consistency, and other groups will be added later," Cerezo observed. However, the alliance also depends on the resolution of internal conflicts by the UCN and PSD.

Some centrists want nothing to do with plans of the Executive Committee to align itself with the DC and are promoting the candidacy of Marta Arrivillaga de Carpio, currently president of the board of directors of the Workers Recreation Institute (IRTRA), or Ricardo Castillo Sinibaldi, former President Jorge Serrano's minister of urban and rural development.

Castillo Sinibaldi states that for the time being, he has refrained from participating and adds that UCS General Secretary Juan Ayerdi never mentioned the possibility of an alliance with the DC when he asked that he be a precandidate for the UCN.

In the meantime, opposing factions in the PSD led by Mario Solorzano and Gabriel Aguilera—the former argues for supporting PAN, while the latter prefers to maintain a leftist profile—will have to wage the final battle for control of the party.

In Style

Rolando Torres, national director of the Christian Children's Fund since 1983 and a DIA precandidate, is one of the presidential candidates who has contracted "frontist" fever. This physician hopes to put together an Electoral Front of National Reconciliation (FERN) with the people's organizations. To date, in addition to the Council of Runujel Junam Ethnic Communities (CERJ) and the Mutual Support Group (GAM), FERN has been joined by the Confederation of Trade Union Unity of Guatemala (CUSG) and even a group of former Serranists, headed by Fernando Muniz, deputy to the Central American Parliament.

The possibility that the people's organizations will opt for participating in this new party is reportedly why, DIA leaders say, Cerezo summoned Torres and Andrade to a meeting in Miami the last weekend of March. Cerezo denies calling the meeting. However, DIA members claim that Torres declined the invitation. "They are seeking an agreement with us because they do not want to split the support of the people's and trade union sector," DIA member Mario David Pena says. This and other political groups distrust the intentions of the Christian Democrats and wonder whether Alfonso Cabrera, Christian Democratic general secretary, will have a second ballot agreement with Rios Montt.

FERN has another precandidate in Alfonso Bauer Paiz, legal adviser to the permanent refugee commissions in Mexico. Bauer Paiz' record shows that he participated in the revolutionary movement of 1944, serving as minister of labor in one of its governments. This figure, who returned from exile in Mexico in 1993, has been proposed by the Revolutionary Party (PR) and a faction of the PSD. In addition, he has received invitations from the Social Christian Party (PSC) and Oscar Clemente Marroquin's group to participate in the elections.

Seeking a Spot

There are other candidates anxious to throw their hats into the ring. They include the former minister of defense, (retired) General Hector Gramajo, Captain Rodolfo Munoz Pilona, and the nation's current prosecutor general, Acisclo Valladares.

Gramajo, who was proclaimed as its presidential candidate by the National Unity Front (FUN) headed by Gabriel Giron Ortiz, seeks to rally at least eight parties making up the National Movement for Stability. "I engage in politics in the most difficult manner because I have no party or ticket, yet I have been able to rally four parties already," Gramajo says.

In addition to FUN, Gramajo says he has the support of the Democratic Institutional Party (PID), the Guatemalan Republican Party (PREG), and the Authentic Nationalist Center Party (CAN), all of which are basically conservative. Given the fact that the retired general wants a broad spectrum of support, several of those close to him have sought out leftist groups. The latter reportedly include the Citizens for Democracy group, made up of returned exiles with whom Gramajo has reportedly met on two or three occasions since 1993. However, members of that group—which also includes former members of Mario Payeras' group and a faction of the Guatemalan Labor Party (PGT)—deny they will join the Gramajo platform. Another door at which the military chief is reportedly knocking is that of the PSD, whose leaders have not yet decided whom to support. Despite his organizational advances, Gramajo cannot make his candidacy official before 20 May. According to the Constitution, no military leader may participate in elections for five years after retiring from the Army. The former minister of defense does not complete the period set by law until 19 May. However, in addition, he will have to fight it out with other ghosts. For example, proceedings have been instituted by groups in the United States over human rights violations, in particular, one having to do with the mistreatment and torture of Ursuline nun Diana Ortiz.

Another retired military man who wants to get into the arena under the banner of stability is Captain Rodolfo Munoz Pilona, who participated in the coup against Romeo Lucas, along with Rios Montt. For that purpose,

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he has endeavored to form his own organization, called the National Stability Front (National FE). Munoz Pilona suggests the possibility of an alliance with the Guatemalan Reform Party (PREG), an organization headed by Miguel Angel Montepeque, an activist in the ranks of the Solidarity Action Movement (MAS).

Acisclo Valladares' problems are of a different sort. The nation's current prosecutor general has managed to have his own party: the Progressive Liberal Party (PLP). Curiously enough, it is a party said to be financed by American evangelical churches. If this is true, the fundamentalist groups are promoting Valladares, who is the son of a former ambassador to the Vatican and a member of a strict Catholic family. Valladares' alliance with the PLP was reportedly obtained after the latter's failure to be nominated as the candidate of the National Liberation Movement (MLN) and the UCN. In his efforts to achieve a consensus to run for the presidency, Valladares has also sought the backing of the Army institution. Even before being named prosecutor general, he held meetings with members of the high command and informed them of his disinclination to alter the Army's structure.

However, like Gramajo, the prosecutor is also haunted by ghosts: on the one hand, the swindle of which he is accused involving the failure of the ITURISA project; and, on the other, the as-yet unresolved proceedings stemming from the dispute over the millionaire inheritance of Antonia (deceased) and Maria Matos. In addition, there is his involvement in the return of Gustavo Espina, to say nothing of indications that he used his post as prosecutor general to promote his own interests. One example would be the stamp with his effigy and the calendar for 1994 and 1995 being handed out since the middle of the month. The caption under the prosecutor's photo is: "Spring returns. There will be peace when there is justice! Acisclo Valladares."

Solitary Lowlanders

Among the presidential proposals are party leaders who claim to seek no alliance. They include Jose Luis Chea, from the Democratic Union (UD); Mario Castejon, from the National Recovery Front (Sol); Jose (Pepe) Fernandez Gonzalez, from the Progressive Party (PP); and Luis Alfredo Castillo, from the National Liberation Movement (MLN).

UD leader Jose Luis Chea claims not to have contemplated any alliance. Chea believes his party is a third alternative to Rios Monttism or PAN and is convinced that the rival he must defeat is the DC, with which it would vie for voters in the country's western region. Chea, who considers himself a career politician, was deputy foreign minister during the early months of Vinicio Cerezo's government and ambassador to the United Nations in Geneva.

UD members view the embryonic election event as a way of testing and consolidating their party structure. This is the reason they do not expect to form any alliance at all on the first ballot. Nevertheless, they do not rule out the possibility of an agreement with other forces in order to define the final results on the second ballot.

Mario Castejon's plan has the support of the so-called Shirtless Party, which shares the platform of the solitary candidate. A pediatrician, Castejon has made himself known for denouncing corruption in the governments of Vinicio Cerezo and Jorge Serrano.

Jose (Pepe) Fernandez Gonzalez, nominated by the Progressive Party (PP), has the support of the People's Alliance (AP-5), the only force with which he has agreed to unite. It would be the second time the landowner has participated. In 1990, he competed for the Democratic Party of National Conciliation.

After settling internal intrigues, Luis Alfredo Castillo managed to have the MLN name him as its presidential candidate. Scarcely two months ago, that party faced internal differences because one of its deputies insisted on nominating Valladares as the MLN candidate. Castillo, a rancher who has banking interests, is also being named as a codefendant in the Cellulose of Guatemala (CELGUSA) embezzlement. As the representative of the National Financial Corporation, the would-be candidate for the presidency reportedly signed for one of the increases in the fraudulent loan.

Few Chosen

Finally, there are those who have not yet found a venue for their presidential aspirations. Nevertheless, while they do not have the support of a political party, businessmen Alejandro Botran and Miguel Fernandez have the blessing of one sector of private enterprise. The so-called Pyramid Group, which includes large sectors of private businesses, supports the participation of Botran and Fernandez in the hope they will join some election formula.

For the time being, Botran's attempts to slip in among the UCN or PAN candidates have been for naught. As for Fernandez, it is not known whether he has been mentioned in connection with the parties' preliminary tickets. Both have funds, but neither has any symbol.

In short, many are called, but few are chosen. Nevertheless, from this menu of 20 options and a few last-minute invitees will emerge the presidential candidate. The final selection will depend on the interests of the political

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organizations rather than the platforms. Every group's room to maneuver and its financial possibilities will determine who will remain in the strainer after the first shake of the election sieve.

Nicaragua

Lacayo Announces Retirement From Government

PA2206011595 Managua BARRICADA in Spanish 21 Jun 95 pp 1-2

[Report by Carlos Garcia Castillo]

[FBIS Translated Text] After the international community and financial organizations confirmed their economic support to Nicaragua, Presidency Minister Antonio Lacayo announced in Paris yesterday, during a meeting of the Consultative Group, which supports Nicaragua financially, "his forthcoming retirement from government."

At the end of the work carried out by the so-called Consultative Group, according to the press note distributed by the Nicaraguan Embassy in France, Lacayo asserted in his statement that "this is my last meeting with the Consultative Group. I will leave the government in a few months to work with all my strength in the political sector."

Lacayo's statement on the possibility of his participation in the 1996 electoral process was rejected by local politicians who reacted immediately to the announcement.

Doctor Nicolas Bolanos Geyer, a member of the National Conservative Party (PNC) and the National Assembly Directorate, said "the announcement sounds like a presidential candidacy, meaning Lacayo does not believe in the constitutional reforms and will seek a way to nullify the amendments in his case."

Bolanos said that even if Lacayo steps down from his post now, he cannot be a presidential candidate in the next elections due to his relationship with Mrs. Violeta Chamorro and not because he is a government official.

"I believe that Lacayo intends to announce his presidential candidacy, disowning the reforms, or that he thinks he will find some mechanism to evade the amendments. The truth is that he has a possibility only if the reforms do not become effective," the parliamentarian emphasized.

Lacayo explained in France, where he participated in the Paris Club meeting, that the decision he adopted "is not motivated by any candidacy, which is banned for me."

According to Mrs. Violeta's son-in-law, he decided to resign because he believes "this six years of democracy and progress would be useless if we do not guarantee the existence of political forces deeply committed to those goals and the chance of drawing more voters."

Moreover, Deputy Luis Sanchez Sancho, one of the leading negotiators of the ingenious political agreements between the state branches, coincided with conservative Nicolas Bolanos when he said Lacayo "can become a presidential candidate in no way; the law forbids this because he is Mrs. Chamorro's relative and not because he is a public official."

Meanwhile, Conservative Deputy Rhina Cardenal said any intention Lacayo has to participate in the next electoral process would be a mockery to the Nicaraguan people, because the prohibitions are intact.

"My party is firmly struggling in favor of a nonreelection and dynastic continuism. The reforms are intended to end a historical violation. Lacayo cannot jeopardize the Nicaraguans' hopes. The prohibitions are in effect, and, therefore, Lacayo must try to help create a harmonious political atmosphere in the upcoming elections," the Conservative politicians said.

I am going on a trip, Lacayo said in Paris yesterday.

Panama

Perez Balladares Approves Tax Incentive Law

PA2106162995 Panama City Circuito RPC Television in Spanish 2300 GMT 20 Jun 95

[Report by Luis Polo Roa, from the "RPC Television News" newscast]

[FBIS Translated Text] The executive branch today approved the Law on Tax Incentives Universalization for Production and other measures. With the signing by President Ernesto Perez Balladares and the minister of plannning and economic policy, this new law will standardize conditions for agriculture production, construction, industry, banking, and the Colon Free Zone.

In his speech, Guillermo Chapman, minister of planning and economic policy, stated that this law will result in an increase in tax revenues and the closing of tax loopholes that distort the economy.

[Begin Chapman recording] Beginning today, the government's discretionary power to grant incentives to certain productive sectors will be eliminated. Instead, a generous set of incentives will be instituted allowing any producer access to them. [end recording]

Meanwhile, the president of the Republic stated that the changes introduced by this law are not improvised by

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the government. He added that these changes are dictated by the demand and exigencies of those competing in international markets.

[Begin Perez Balladares recording] Today, there is no other way to successfully participate in international markets other than with efficiency, experience, and competitiveness.

The tax exemption privileges, protectionism, and other forms are now part of the past. They are manifestations of what we have called economic suicide. [end recording]

For the Colon Free Zone director, this new law will from now on become a dual commitment between users and the Colon Free Zone management.

[Begin Free Zone Director Victoria Figge recording] I trust that by working together, we can work to promote the Free Zone with all its benefits and even the new rules of the game. [end recording]

Figge added that with this new law, few businesses have closed down in the Colon Free Zone. She added that only companies with a small movement of transactions have closed. On the contrary, she asserted, requests for new business openings remain at acceptable levels.

Reaction To U.S. Decision To Stop Using Pipeline

PA2106172995 Panama City Circuito RPC Television in Spanish 2300 GMT 21 Jun 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] The United States has announced it will stop sending petroleum through the Petroterminales de Panama [PTP] pipeline, a move that entails multimillion dollar losses and will force us to seek other markets to preserve this service.

The announcement was made by Commerce and Industries Minister Nitzia de Villarreal, who explained British Petroleum will not use the oil pipeline because it will send crude oil coming from Alaska directly to Japan.

[Begin Villarreal recording] Of course, this puts us in a difficult situation as far as oil transshipment via this pipeline is concerned. A series of measures will have to be adopted to maintain the pipeline while it can be assigned other uses. Meanwhile, we are conducting very serious talks with countries such as Colombia and Venezuela that need to transport crude oil to other countries, such as Japan, and could use the oil pipeline. [end recording]

The minister added that losses resulting from idling of the pipeline are estimated at $6 million, and therefore alternate measures are being sought to minimize the economic damage.

[Begin Villarreal recording] One has been to sell electricity to the Institute for Hydraulic Resources and Electrification. Another has been to store oil from companies such as Exxon and Mexican Petroleum in the available PTP tanks. In other words, the PTP is striving to compensate for the decline in transshipment with other activities. [end recording]

In addition, she said the construction of a port in the area will help compensate for the economic loss resulting from the lack of oil transshipment through the pipeline. This will also have repercussions in terms of the reclassification of PTP employees.

Efforts To Join WTO Said Successful

PA2206011795 Panama City LA PRENSA in Spanish 21 Jun 95 p B-1

[FBIS Translated Text] Enoch Gonzalez, acting director of international economic affairs at the Foreign Ministry, has reported that diplomatic efforts by the Republic of Panama in the negotiations for joining the World Trade Organization [WTO] (the former GATT) were successful this week when the Japanese Government announced its agreement with the tariff contingency on goods.

Gonzalez has said the negotiation was fruitful and noted the support given by the Japanese ambassador to Panama, Noritake Kai, who presented before his government the Panamanian position on the tariff contingency on goods, one of the issues of the negotiation that is part of the complexity of norms required for admission into the WTO.

High-ranking officials from the Foreign Ministry, the Commerce and Industries Ministry, and the Coordinating Unit for the Negotiation of Panama's Admission into the WTO met with the Japanese ambassador to review the proposals of both sides. The talks were always characterized by a spirit of understanding that prevails in the existing relations between both countries, Gonzalez has said.

He added that countries negotiate their admission into the WTO by means of complex and often prolonged negotiations, the reason why every agreement reached is important.

The WTO is inspired by a number of principles and objectives, among them the principle of nondiscrimination, fair competition, tariffs as the only instrument of protection, trade deregulation, special treatment for development goods, and the solution of trade differences, among others.

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ARI Administrator on Use of Reverted Forts

PA2206002295 Panama City Circuito RPC Television in Spanish 1249 GMT 21 Jul 95

[Interview with Nicolas Ardito Barletta, administrator of Panama's Interoceanic Region Authority, by Hugo Enrique Famania at the RPC studios; from the "Waking Up With the News" newscast — live]

[FBIS Translated Text] [Famania] Nicolas Ardito Barletta, the new administrator of the Interoceanic Region Authority [ARI], took office on 19 June. He is here with us at "Waking Up With the News." Good morning, and thanks for being with us.

Today, the front page of LA ESTRELLA DE PANAMA features a photograph of you accompanied by Taiwanese investors, and there is mention of their interest in investing at Fort Davis, which will be reverted soon. We do not specifically know, however, where their interest lies, what their plans for Fort Davis are. What have they presented to the ARI?

[Ardito] The immediate problem we are facing regarding the reverted areas is that Fort Davis will be reverted to Panama on 1 October. As a result, we must do two things. First, we must give the installation the necessary maintenance and protection in order to preserve it in its current condition. Second, we must try to lure businessmen to invest at Fort Davis promptly. In this regard, the Taiwanese Government and a group of Taiwanese investors, lured by the Foreign Ministry and now working with the Foreign Ministry and use, are discussing the possibility of building an industrial park at Fort Davis. This plan falls within the category of economic activities that generate exports, jobs, and use local raw materials.

[Famania] Would this investment be limited to Taiwan, or have other investors voiced their interest?

[Ardito] There are several proposals by other investors to build housing for retirees in some of those areas, but in the specific case of Fort Davis, the Panamanian Government is negotiating with the Taiwanese Government as well as with investors to set up companies that would manufacture industrial products for export purposes. This has been done, with much success, in other countries. In the Dominican Republic, for instance, there are 14 industrial parks that have generated 140,000 jobs. Industrial parks have generated 60,000 jobs in Costa Rica, while they have generated at least 80,000 jobs in Jamaica. We do not have any industrial parks in Panama, the reason why we want to build one at Fort Davis, an installation that has an excellent infrastructure for industrial facilities located near the Caribbean ports to export products. Taiwanese investors have stated their interest in this matter, and we will continue discussing this project in the coming months. We hope these talks will lead to successful negotiations so that they will be the first to use Fort Davis for the export industry, which will generate jobs for Panamanians.

[Famania] Laws have already been drafted for these special areas—processing and export areas—and certain places have been adapted for these purposes, but there is no real investment yet. What difference will it make if the industrial parks were built in these areas?

[Ardito] There are a couple of industrial parks that were started by Panamanian groups. In this case, the advantage is that we are promoting the projects directly and that we are negotiating directly with the Taiwanese. Moreover, the Taiwanese Government is participating in this negotiation and will encourage Taiwanese investors to come to Panama; therefore, this is the beginning of a very concrete negotiation.

[Famania] Do you believe the foreign minister's tour scheduled for the end of this month and the president's tour scheduled for September will seek to conclude these negotiations?

[Ardito] We hope so. I believe we must have a realistic optimism in this case. The foreign minister will visit Taiwan soon and will continue these talks. After that, we expect a group of Taiwanese businessmen to come to Panama by the end of July to continue the talks with us. I hope we will be close to completing a satisfactory agreement when President Perez Balladares visits Taiwan and other countries in September.

[Famania] As for the maintenance of the areas to be reverted, an issue to which you referred a few moments ago, how long could Panama, within the framework of this cost-benefit formula, continue to maintain these areas without any investment while it waits to choose the best possible offer?

[Ardito] The point is that Panama must spend money on maintenance as soon as these military installations are emptied, and this is a complex matter. For instance, a place such as Fort Davis has air conditioners, communications, and electricity and telephone installations, and they will deteriorate if they are not protected properly. In addition, we also must ensure the installations will not become the target of squatters or thieves; consequently, we must spend money to protect and maintain them, all of which entail a cost. This is why we have said before that the ideal thing is to have investors ready to enter, to occupy and use the installations as soon as U.S. soldiers leave them. Because most military installations will be reverted from 1997-99, we will have time to finish our plans and to carry out the necessary promotional cam-

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paign to encourage investors to come here. We hope that will be the case with Fort Amador.

[Famania] Concerning Fort Amador, will the government ask for the postponement of the reversion dates for other installations?

[Ardito] I do not believe this will be necessary. The return of Fort Amador was scheduled for January 1996, a date which is too close, and we have discussed that postponing it to October 1996 would mutually benefit Panama and the United States. Thus, we will have 15 months to draft the plan for Fort Amador and to negotiate its use. U.S. cruise companies have already stated their interest in the potential use of Fort Amador as a stopover for cruise passengers.

[Famania] You already referred to a specific use for Fort Davis, which will be reverted soon. What guarantees that this will be the proper use for these areas in the absence of a general plan, which has not been signed yet?

[Ardito] We also have sped up the general plan. We have reached a favorable arrangement in which we have agreed with the consultants and the government, and the plan will be submitted to the cabinet soon. We hope it will be approved next week and be ready for implementation shortly thereafter.

There are some criteria, however, for economic evaluations that enable us to launch certain projects. The main economic aspects of any investment project must include the following: 1. It must generate exports, because the economy needs to export in order to be dynamic; 2. It must generate jobs, the most important factor for Panamanians; and 3. It must involve the use of various types of local raw materials, so as to promote other economic sectors. If an investment or industrial park meets these three criteria or if the use of Fort Amador for a tourist facility meets these three criteria, we can study and evaluate the project and implement it later.

In the coming 14 months, I hope we will be able to launch four or five projects such as the ones we have described while plans are being completed so that we may have a more orderly preparation for the 1997-99 period and be ready to give the remaining areas the best possible use. This objective involves promotion. We must engage in an intense campaign to promote these places, locally and internationally, so that investors come to work with us as soon as possible.

[Famania] In addition to the project at Fort Davis, are there any specific projects you have not mentioned?

[Ardito] I mentioned the one at Fort Amador. Negotiations are under way to install a second port of containers at Coco Solo, Colon Province. The Coco Solo area comes under ARI jurisdiction. We are also negotiating with the Evergreen Company, the second largest container company in the world.

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Argentina

Menem Rejects Brazilian Trade Compensation Offer

PY2106200995 Buenos Aires LA NACION in Spanish 21 Jun 95 p 1

[Report by Angel R. Vega]

[FBIS Translated Text] San Paulo — The antagonistic positions of the two largest Mercosur [Common Market of the South] members — far from smoothing over the differences resulting from the controversy created by Argentina's car exports to Brazil — is at risk of becoming more radicalized in view of the two completely opposite positions over the period for negotiating an agreement.

— Argentina believes Brazil's 30 day moratorium on the implementation of a decree establishing quotas for the entry of Argentine cars into its market will continue indefinitely until the two parties reach agreement.

— Brazil, however, says the restrictions will be reimplemented if agreement is not reached in 30 days.

Meanwhile, the markets are sending a clear message on the way investors react to this type of confrontation: The stock markets of Sao Paulo (- 3.2 percent), Rio de Janeiro (- 2 percent), and Buenos Aires (- 4.84 percent) all closed with losses.

At the end of the Mercosur Summit and shortly before returning to Buenos Aires, President Menem held a news conference during which he said Argentina will not accept compensation for eventual losses produced by a drop in its car exports to Brazil through increased bilateral trade of other products.

Menem: Economy 'Not Ripe for Squandering'

PY2206002595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1534 GMT 21 Jun 95

[FBIS Translated Text] Buenos Aires, 21 Jun (NA) — President Carlos Menem today admitted that the current economic situation "is not ripe for squandering." Nevertheless, he predicted a recovery within two months and ruled out the possibility of Brazil implementing a quota system for Argentine car imports.

As to the current economic situation, Menem emphasized that "it is not ripe for squandering." Nevertheless, he noted that an economic recovery will become noticeable as of August.

Afterward, the president emphasized the growth in exports, indicating that, as of 1990, sales to Mercosur [Common Market of the South] countries have been growing from $3.5 to $14 million per year.

The president admitted that the unemployment issue still is an "unapproved subject" for the government. Nevertheless, he emphasized "the diverse projects" being implemented in greater Buenos Aires, which represent "a very important source of employment."

In addition, Menem confirmed his criticism of the journalists who supplied a pessimistic perspective of the negotiations conducted between the governments of Argentina and Brazil during the World Economic Forum summit in Sao Paulo.

In remarks to Radio 990, the president emphasized: "This represents an effort to twist things by all possible means." He rejected the possibility that a quota system would be implemented, as "it was totally ruled out during the talks" because it would involve "reinstating a system that we already have overcome completely."

Challenging journalistic reports on the quota system issue, the president emphasized: "All reports on this issue are a clumsy hoax. Regardless of their seriousness, the media sources are lying deliberately."

Menem emphasized that, following the negotiations conducted during the World Economic Forum summit held in Sao Paulo recently, an effort will be made to achieve "a sort of reconciliation of interests" among the countries with a car marketing system within the Mercosur.

The president added: "There is a sort of disparity and we, Argentina, Uruguay, and Brazil, are seeking to achieve a sort of reconciliation of our interests. We are holding talks to this effect." He immediately pointed out: "As long as an agreement is not achieved, the exemption system established in Ouro Preto is fully effective."

Menem also ruled out the possibility of Brazil unilaterally implementing new trade measures, pointing out that new decisions will not be made, "unless they are jointly made" among Mercosur countries.

As to the home appliances question, Menem said this issue was not discussed at the summit, but mentioned that he had told his Brazilian counterpart about the problems being experienced by Argentine exporters in securing in the neighboring country the import permits required to complete the operations.

Nevertheless, Menem emphasized: "Products coming from Brazil are completely free to enter our country."

Menem also announced that, following an agreement he reached with the Paraguayan Government, the construction of the Corpus [hydroelectric] dam, which will cost $4 billion, will be financed with private capital.

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Menem emphasized: "Those who want to be awarded the project will completely finance it." He noted that "between 3,500 and 4,000 people" would be involved in the dam construction. Menem announced that the bid would be opened within two months.

In this regard, Menem noted: "As it is private capital, I believe those involved will be much more careful than the persons who constructed the Yacyreta hydroelectric dam, in which state capital was involved."

The president noted that Brazil would be the main consumer of the energy produced by the Corpus dam. He pointed out that, as "a customer has been guaranteed, its construction is reasonable."

As to the people who have no identification papers, Menem emphasized: "We will take all the appropriate measures to prevent them from clandestinely occupying land, not only in the federal capital, but throughout our country, as they have to obtain their identification papers in order to clear their situation and avoid enduring dramatic situations later."

The president challenged the involvement of organizations championing human rights in these cases, "as they frequently hamper government actions."

Atomic Energy Commission Head Outlines Guidelines

PY2106020995 Buenos Aires LA PRENSA in Spanish 7 Jun 95 p 10

[FBIS Translated Text] The National Commission for Atomic Energy (CNEA) celebrated its 45th anniversary amid significant changes. This is the first year in which the CNEA shares nuclear activities in our country with other institutions and companies.

Following a new policy on the development of nuclear technology, goods, and services, the CNEA gave up its monopoly in the nuclear area in order to include the private sector in the research and production areas.

During a ceremony at the Ezeiza Atomic Center, CNEA chairman Eduardo Santos listed the CNEA's basic guidelines for the following years.

Santos emphasized two basic points: "Meeting the demands of public organizations and our industrial partners, involved in technological development, in covering specific nuclear activities," and "properly programming the CNEA research activities in order to meet the coming century's demands."

In this regard, the CNEA's goal involves meeting short-term demands raised by industrial partners and mostly financed by themselves.

The CNEA also contemplates reaching agreements with other institutions or industries for the development and operation of technology, agreements that will be financed by the private sector.

In the field of basic sciences, and within the framework of the significant process of transformation that it is implementing, the CNEA, along with the National Commission for Space Activities, proposed to U.S. officials an international project involving a giant cosmic radiation detector, to situate in Argentina the detector equipment slated for the Southern Hemisphere.

According to the CNEA, if this goal is achieved, it would be the most important experiment in basic physics ever carried out in our country.

The CNEA activities include supporting the production of nuclear power, the construction of research reactors, the production of radioisotopes, and the development of technology for treating radioactive waste.

Concerning the treatment of nuclear waste, Santos believes it involves an activity that "goes beyond merely technical limits." He urged the initiation of "a serious discussion among all the members of our community, as the problem exists and must be resolved by the entire nation."

The CNEA chairman emphasized the usefulness of nuclear energy, pointing out: "When the world understands that the greenhouse effect, and not radioactive waste or accidents like Chernobyl, which are isolated and localized, is the true ecologic problem affecting humanity, uranium will be reassessed, as it was in the past, as a source of energy."

Santos added: "If we add to this reassessment the fact that Argentina has uranium resources, we arrive at the conclusion that nuclear power represents an energy alternative."

Editorial Views G-7 Meeting, Economic Cooperation

PY2206040295 Buenos Aires LA NACION in Spanish 21 Jun 95 p 6

[Editorial: "The G-7 and Economic Cooperation"]

[FBIS Translated Text] The Group of Seven [G-7] summit meeting in Halifax, Canada, over the past weekend took place amid the spreading of some worrisome news internationally. Boris Yeltsin's presence was urgently required in Moscow to face a deterioration of the Chechenia crisis due to the capture of Russian hostages. The call came when he was flying to meet with the leaders of the seven richest nations on the planet — the United States, Japan, Germany, France, Italy, Great

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Britain, and Canada. Many countries reacted sternly to the announcement of a new French nuclear test in the Pacific. In Bosnia, the fighting around Sarajevo increased.

The G-7's good purposes are not enough to find solutions to these problems and others that involve the future of a good part of the world. A coup de theatre was realized when French President Jacques Chirac condemned monetary speculation as "the AIDS of the global economy." This did not, however, provoke any reduction in foreign exchange markets' volatility, despite the announcement's dramatic tone.

This new summit, however, achieved important progress in the economic field through a decision to broaden the role of international financial organizations in the prevention of crises with world repercussions, such as the Mexican crisis at the end of 1994 and the beginning of 1995. In fact, two-thirds of the lengthy final G-7 communique was dedicated to the reform of the IMF and the desire to give this organization additional funds to allow it to perform a stabilizing role. There is still much to do to find a solution to the problem, however. Bill Clinton was able to obtain, with relative ease, the approval of all G7 members for the creation of a $54 billion emergency fund that the IMF could use in emergencies similar to the Mexican crisis, but it is probable that the President will encounter more difficulties when trying to convince the U.S. Congress to approve the necessary disbursements to fulfill U.S. commitments regarding this fund.

The spirit of cooperation when dealing with the issue of preventing financial crises did not extend to all fields, however. The confrontation between Japan and the United States involving the car industry is still unresolved. The issue was the subject of a tense meeting between President Clinton and Prime Minister Tomiichi Murayama before the summit began. Another issue involving Washington and Tokyo is the relative weakness of the dollar compared to the Japanese yen and the German mark. The world leaders seem to have spent some time considering the risk of a brief recession in the United States and a possible banking crisis in Japan. The communique, however, only mentioned "certain slowness" in economic growth in a paragraph near the end. The group recognized that unemployment is one of the most worrisome problems in developed societies and decided to organize a conference in France during 1996 to discuss the issue.

Year after year the G-7 summits combine ritual and ceremony with concrete work and the discussion of differences. The first talks were held 20 years ago, in the midst of the oil crisis. The G-7 meetings since then have been scenarios wherein the leaders of the richest nations define world economic policies. The coordination of policies permitted them to overcome difficulties such as those that surrounded the final negotiations on the GATT agreement. In this latest summit, just as before, difficulties seemed to overpower the G-7 capacity for offering solutions. The proposal to prevent crises through a more active participation of the IMF and other institutions, however, paves the way for the implementation of permanent solutions to a problem that might reoccur.

Bolivia

President, Minister View Brazilian Border Presence

PY2106185795 Santa Cruz EL MUNDO in Spanish 13 Jun 95 p A13

[FBIS Translated Text] After stressing that there is no reason to fear a breach in the fraternity that exists between Bolivian and Brazilian citizens regarding the charges of peaceful occupation in Pando Department, Defense Minister Raul Tovar Pierola rejected a report that Brazilians are carrying out military exercises on the northern border and said that the Armed Forces of the two countries are free to deploy themselves within their respective territories.

He said: "That terminology (military exercises on the border) is obsolete within the continent, all the time the countries of the region continue to live within an atmosphere of fraternity, with manifestations of trust that will allow permanent friendships."

Tovar came to participate in the opening ceremony of a technical-political seminar on the management of emergencies and natural disasters. He stressed that there is brotherhood between Bolivians and Brazilians, and the crossing of the border continues to be endorsed by commercial transactions.

After indicating that Bolivia has not lost 1 centimeter of its territory in Pando, Tovar stated: "There is no danger that national sovereignty has been trodden on," but added out: "This does not mean the population should ignore what is being experienced there."

Last week the Defense Ministry ordered the transfer of the 9th Army Division from Rurrenabaque to Cobija to strengthen the state of sovereignty. This procedure was lauded by President Gonzalo Sanchez de Lozada, although he did warn that a military presence is not enough to resolve the penetration in Pando Department.

Tovar indicated that there are enough military units in Pando and that the Ecological Group Squadron and the Engineers battalion have been beefed up.

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Notwithstanding, he said: "A larger infrastructure is needed. Roads must be opened and maintained so that they are usable every day of the year. Many times due to the rains the roads are cut and this causes serious harm."

He indicated that the government is about to begin a "great project" in Pando that consists of economic support, especially in the industrialization of rubber and chestnuts, which have always been that region's most secure activity.

The president said a Brazilian presence in our territory is not a concern for Bolivia, because "our country only aspires to be respected, but never feared." He said this after indicating that the troop movements are not of an aggressive type.

Tovar indicated that the Engineering Command is opening up roads in an effort to end the isolation of that department. This is why the number of military has been increased, and will continue to increase when the technical, material, and economic resources also increase.

President Sanchez Calls On Opposition for Support

PY2206015295 La Paz PRESENCIA in Spanish 16 Jun 95 p 1

[FBIS Translated Text] President Gonzalo Sanchez de Lozada extended an invitation yesterday to the opposition parties to put aside their intransigent positions and support the reforms being implemented by his administration "for the good of the country."

He also admitted that the national Treasury is in a delicate situation with regard to providing financial resources to state institutions. He said this situation exists despite the increase in tax and customs duty collection because this is being used for the redistribution of wealth in compliance with the Popular Participation program.

"I would like to ask of the opposition: Please think of Bolivia. And I am extending to them the same invitation I made to Max Fernandez [president of the Solidarity Civic Union-UCS]. They will gain nothing by preventing the reforms from being implemented. We are all only temporarily leading the nation," said Sanchez de Lozada upon explaining that this is the message his administration wanted to convey when he made a reconciliation with Fernandez on 14 June.

Sanchez de Lozada admitted that his reform proposals, as any human project, are not perfect, but he invited the opposition "to recognize the good ones and correct those that can be amended."

He said: "If Bolivia does not achieve sustainable growth with the capitalization program, if social justice is not achieved with the Popular Participation Law, and if the children don't have a future with the Educational Reform Law, there will be no country. We can no longer continue to be the poorest of the continent."

According to Sanchez de Lozada, this is a crucial moment for the country and the opposition parties because the interests of the country must come before any other interests.

He also recalled that the return of the UCS to the government coalition will be important to implement the capitalization program, which enters its operational phase this month.

President Sanchez de Lozada did not, however, include the opposition parties in the national consultation that starts next week, and a meeting with political leaders has practically been discarded. The opposition parties feel they have been kept out of the meeting, which was labeled a scene mounted by the government to seek support for its administrative decentralization project.

Minister on Bermejo Agreement, 'White Helmets'

PY2106174295 Cochabamba LOS TIEMPOS in Spanish 10 Jun 95 pp A1-A2

[FBIS Translated Text] Acting Bolivian Foreign Minister Eduardo Trigo O'Connor D'Arlach reported on 9 June that the governments of Bolivia and Argentina have created the Binational Commission for the Utilization of the Upper Basin of the Bermejo River, to implement a project that includes irrigation, the generation of electric energy, fishing, tourism, and measures to prevent the silting up of the river.

Trigo reported on Bolivian President Gonzalo Sanchez de Lozada's trip to Argentina, where he met with his Argentine counterpart Carlos Saul Menem, and on the scope of the agreement establishing the Binational Commission, which will be in charge of the studies and the project for the development and exploitation of the upper Bermejo River on the border between the two countries. The river is currently showing the first signs of pollution and "silting," which is harming its fishing resources.

President Sanchez de Lozada refused to make any statements upon his return to La Paz, claiming that he was very tired, so it was left to acting Foreign Minister Trigo to report on the presidential trip to Argentina.

When the Bolivian president and his entourage arrived at the El Alto International Airport, at approximately 1930 local time on 9 June, the temperature was only 3 degrees centigrade.

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Sanchez de Lozada and his Argentine counterpart Carlos Saul Menem decided to seek a joint solution to the problems of the Bermejo River, given its environmental, economic, cultural, and tourist significance for both countries.

Although the Bermejo River is not as threatened as is the Pilcomayo River, it is exhibiting certain worrisome signs, which prompted the two presidents to take preventive action in order to first save the river, and then exploit it properly and rationally for the benefit of both countries.

The first step in this direction is the creation of the Binational Commission for the Utilization of the Upper Basin of the Bermejo River, over which the two chiefs of state will preside. The commission will be made up of members of the local Bolivian and Argentine regional development agencies Codetar [Tarija Public Works and Development Committee] and Corere.

This commission will be essentially in charge of studying all projects aimed at the development and exploitation of the Bermejo, and selecting the site for the dam that will control the water flow and fishing.

"Actually the commission will first define which studies are needed — because the overall utilization of the basin will also include the Grande River in Tarija — and then draw up the project for the utilization of the river, including the generation of electric energy, irrigation, silt control, and fish farming," Trigo explained.

He also reported that the Bolivian Government is very interested in participating in the so-called "White Helmets" initiative, which has the support of UN Secretary General Butrus Butrus-Ghali and OAS Secretary General Cesar Gaviria.

Trigo added that the OAS General Assembly that met in Haiti recently decided to grant full support to the "White Helmets" initiative.

Paraguayan President Juan Carlos Wasmosy met with his Bolivian and Argentine counterparts in Santa Victoria del Este to take a look at the "White Helmets" organization.

Sugar Quota Increase Satisfies Exporters

PY2106225395 La Paz PRESENCIA in Spanish 15 Jun 95 Section 2 p 1

[FBIS Translated Text] Santa Cruz, 14 Jun (PRESENCIA) — The industrial sector expressed its satisfaction with the decision of the U.S. Trade Department allowing the sale of an additional 750 metric tons of unrefined sugar to the U.S. market. Exports to that market will reach 10,729 metric tons with the additional sale this year.

Mario Cirbian, manager of the Santa Cruz Industry and Commerce Association, said this represents an increase of 7.52 percent in relation to last year. He said, however, that the increase is not very high in view of the national production which, without affecting the internal market, can offer up to 200,000 metric tons. This is why, he said, the foreign relations officials should insist before the U.S. Government that the quota be increased.

Cirbian said the increase will be very important for sugar production in Santa Cruz, which represents 81 percent of national production and supplies almost 85 percent of the national consumption. He said this has a multiplying effect on the economy through transportation services, new jobs, taxes for the treasury, and new foreign currency for the country.

Cirbian said that sugar exports from Santa Cruz in 1994 brought in $31.7 million in foreign currency, which represented 14.66 percent of Santa Cruz exports. If the export of ethylic alcohol from sugar cane is added, the figure reaches $47.8 million.

Cirbian added that the sugar sector represents more than 10 percent of the added value in the industrial structure of Santa Cruz Department, which shows how important this sector is for Santa Cruz and the entire country.

Social Defense Secretary on U.S. Senator Visit

PY2106155095 La Paz LA RAZON in Spanish 8 Jun 95 p A7

[FBIS Translated Text] Social Defense Secretary Mario Soliz explained that U.S. Senator Robert Kerrey's visit to Bolivia on 4 and 5 June was not decisive for any aspect of the relations between the two countries, because its objective was simply to evaluate U.S. AID projects in Bolivia.

Soliz made it clear that the visit by the U.S. senator will merely help strengthen bilateral relations and streamline cooperation. Soliz admitted that Kerrey did visit the Chapare region with U.S. Ambassador Curtis Kamman to evaluate projects financed by U.S. AID.

"His visit was very short, and he took advantage of it to take a look at what U.S. AID is doing there. It was not a confidential visit; the senator came on Sunday 4 June and left on Monday 5 June. He could get only a quick look at the country. He must have seen how we live, and his embassy probably reported to him on how Bolivia uses U.S. cooperation money," Soliz said.

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Brazil

Cardoso, Magalhaes Discuss 'Serious' Problems

PY1706030695 Rio de Janeiro O GLOBO in Portuguese 15 Jun 95 p 2

[From the "Political Outlook" column by Tereza Cruvinel: "Direct"]

[FBIS Translated Text] During the dinner offered by the Liberal Front Party for President Fernando Henrique Cardoso at the home of Senator Hugo Napoleao on 13 June, Senator Antonio Carlos Magalhaes talked with President Cardoso about problems he is finding to be serious. First: the disagreements between the finance and planning ministers. Cardoso answered him that these were things of the past, which were somehow exaggerated by advisers and the media. Second: the apparent cooling down of congressional enthusiasm during the voting sessions for the government-sponsored reforms. Magalhaes suggested that Congress be summoned during the recess time so that the Senate could continue to vote on the amendments. Although Cardoso said that he would not meddle in the matters of another government branch, he agreed with the need to maintain the enthusiasm.

Brindeiro Designated New Attorney General

PY1706024095 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Jun 95 Section 1 p 12

[FBIS Translated Text] Geraldo Brindeiro, 46, the deputy attorney general of the Supreme Federal Court, will replace Attorney General Aristides Junqueira. On the afternoon of 13 June, President Fernando Henrique Cardoso offered the post to Brindeiro.

The designation must be approved by an absolute majority in the Senate (41 of the 81 senators). Brindeiro's designation was announced by presidential spokesman Sergio Amaral at 1840 on 13 June.

Brindeiro joined the Federal Attorney General's office in 1975. He was deputy electoral attorney general between 1990 and 1994. He is also the coordinator of the Constitutional Chamber of the Attorney General's Office.

Geraldo Brindeiro has a master's degree and a Ph.D. in law from Yale University. He is a professor of law and postgraduate work coordinator at the University of Brasilia.

Aristides Junqueira was designated to the post by former President Fernando Collor (1990-1992). He served two terms (four years). His second term will expire on 28 June. He is on sick leave: A benign tumor has been removed from his pancreas.

Geraldo Brindeiro was born in Recife (Pernambuco), is married, and has three children. He earned a law degree from the University of Recife.

Before beginning his career at the Attorney General's Office, he was legal adviser at the Supreme Federal Court, external control expert at the Accounting Court, and INCRA [National Land Reform and Settlement Institute] prosecutor.

Duties

The Attorney General monitors compliance with the law by public organs and private institutions.

His term, which lasts two years, can be extended for an additional two-year period. The attorney general may be dismissed only at the president's request and with Senate authorization approved by an absolute majority (41 senators).

The Attorney General's Office is administratively and operationally independent. This means that it can propose to Congress the creation of posts and design its own budget.

Chamber of Ministers To Promote State Reform

PY2206015195 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 21 Jun 95

[FBIS Translated Text] Taxpayers increasingly demand high-quality public services in exchange for the taxes they pay. The administration recognizes that public services have long been inadequate. A solution to this problem requires a redefinition of the state and a modernization of its administrative structure, emphasizing the state role in promoting and implementing Brazilian socioeconomic development.

The Chamber for State Reform and the Government Council were installed today in Brasilia with the purpose of preparing public administration offices for the resumption of growth in Brazil. It will be their task to formulate the guidelines for the policy of reforming the state apparatus and the bureaucracy stemming from the coordination activities among the appropriate government organizations.

The Chamber, which is chaired by the chief of the Civilian Household, consists of the federal administration, finance, planning, and labor ministers.

The Chamber is empowered to approve and to monitor all programs to be implemented within the framework of the state reform. In addition to laying down guidelines for the reform, it will also be charged with promoting and monitoring both internal and intergovernmental partnerships in state reform activities.

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[Sao Paulo AGENCIA ESTADO in Portuguese at 0102 GMT on 22 June, in a related report, adds: "In a ceremony held today at Planalto Palace, President Fernando Henrique Cardoso installed the Chamber for State Reform. He announced that he plans to submit to Congress during the second half of this year his administration's proposals for state reform, which will be based on recommendations made by the Chamber and on a preliminary study conducted by the Federal Administration Secretariat."]

Constitutional Bill Passed Ending Oil Monopoly

PY2106011395 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 20 Jun 95

[Report by Flavio Figueiredo at the Brazilian Congress in Brasilia]

[FBIS Translated Text] By a 390 to 129 vote, with one abstention, the Chamber of Deputies has just approved in a second voting round the constitutional bill that puts an end to the oil monopoly. Although attendance was lower today than during the first voting round, the administration has obtained another victory.

After its final approval by the Chamber of Deputies, the constitutional amendment on oil will now be sent to the Senate, which will also have to approve it in two voting rounds. It is believed that the Senate will not vote on the bill until August.

Thus, the Chamber of Deputies has completed its debate and approval of all of the economic constitutional amendments.

Specific Argentine Vehicle Import Quota Seen

PY1706030495 Sao Paulo AGENCIA ESTADO in Portuguese 2154 GMT 16 Jun 95

[Report by Carlos Franco]

[FBIS Translated Text] Brasilia, 16 Jun (AE) — Argentine President Carlos Menem this morning confirmed to Itamaraty [the Brazilian Foreign Ministry] that he will attend the World Economic Forum in Sao Paulo, as well as the negotiations with the Brazilian Government pertaining to the restrictions on car imports through a quota system. Menem's decision has brought the diplomatic relations between two countries to terms, allowing Foreign Minister Luis Felipe Lampreia to participate in the technical meetings to settle the terms of Provisional Measure No. 1024 on the Treaty of Asuncion. The meeting was interrupted a little after 1500, when Lampreia learned of the death of his father, Joao Gracie Lampreia, in Rio de Janeiro.

The proposals analyzed by the Brazilian Government included that of establishing a specific import quota for Argentine cars with a zero import tariff, which would be reviewed periodically according to the situation of the Brazilian trade balance. The objective of adopting a specific policy for Argentina is not only to respect the Mercosur [Common Market of the South] treaties but especially to prevent Argentina from facing problems that could place at risk its image in Latin America, at a moment when it is beginning to recover from the Mexican crisis.

To calm Argentine officials the Brazilian Foreign Ministry today released an official note, dated 14 June, stating that the tariff preferences negotiated within Mercosur are still valid. "In addition, as established by the Provisional Measure, all vehicles originating in Mercosur member countries, and corresponding to regularly issued import licenses and to already signed contracts, are being processed exactly in accordance with the terms in force prior to the issuance of the Provisional Measure, that is, they will not be subjected to public bidding and will thus benefit from the zero import tariff treatment," the communique states.

In response to criticism that the decision to impose import quotas on cars represents a regression in Brazilian trade policy, the Brazilian Foreign Ministry note states that "the government reasserts its determination to maintain its opening to trade, to generate income, and to attract investments to the country within the context of the economic stabilization program."

Trade Dispute Viewed

PY2006121995 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jun 95 p A3

[Editorial from the "Notes and Information" page: "The Time Has Come To Define Interests"]

[FBIS Translated Text] We are quite willing to look into the crisis of Article 8 [of the Provisional Measure establishing car import quotas] with the eagerness that characterized our editorials on 16 and 17 June. When President Ernesto Geisel, filled with the "chauvinistic spirit of a great power" (we referred to it in this way then), pushed the Itaipu crisis to a point that almost caused a break in the negotiations, we took the position in favor of a gentlemen's understanding between the two governments. This position implied, given the state of development of the Argentine hydroelectric program, a less aggressive Brazilian position. During the [Joao Baptista] Figueiredo administration, we insisted on the same position and greeted the agreements that solved the conflict and paved the way — this fact must be recognized — for Presidents Raul Alfonsin and Jose Sarney to take effective steps to overcome the secular rivalry between Brazil and Argentina. The two heads

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of state not only created the bases for what is today the Mercosur [Common Market of the South]; they also tried to create the conditions for a broad understanding between the Armed Forces of the two countries. Today, we can happily say that the embrace between brotherly countries has become a reality in some areas. The Mercosur was created during a process in which Brazil always made a point of not requesting too much, but also not giving in excess, negotiating what could be negotiated, and establishing conditions for what it could not give up.

We say "not giving in excess" because Brazil necessarily had to make concessions, even more so considering that the ideology (because this is the term that must be used) of the European unification was always present and some Brazilian negotiators had the exact notion of the value of the Argentine GDP and the Sao Paulo GDP, not to mention the Brazilian GDP. We created the Mercosur, but from the very first moment — with the U.S., Canadian, and Mexican governments having created NAFTA — Argentine authorities (Menem was already president) did not try to hide the fact that, deep inside, they would have liked to be in the position later enjoyed by Chile, which was invited to participate in the union of the North American markets. The Brazilian Foreign Ministry discussed the Mercosur-NAFTA question, not as an option of existence, but for a possible association.

The Menem administration, in its relations with Brazil, has always known how to take advantage of the "ideology of the European Common Market." It is precisely to overcome secular antagonisms and differences that borders are erased. It is sad to recognize — we mentioned some examples on 16 June — that from the moment it was obvious that the integration of our economies would march at a quick pace (more so than in Europe), the Brazilian Government was overtaken by the same "great power chauvinistic spirit" of the Geisel administration, only in the inverse: Brazil is greater because Brazilian industries can settle in neighboring countries and enjoy the facilities these countries concede to speed up their industrialization, or to overcome the crisis they are experiencing, because.... Brazil must give in. As it did. Brazilian exporters are not at a disadvantage compared to Argentine exporters only in the case of the car industry (that is, in the case of industries situated in both countries, not all of them of Latin American origin). In the case of the electrical appliance-electronics industry, the disparity is also irritating: Brazilian products pay tariff rates between 12 percent and 29 percent to enter Argentina, while Argentine products enter Brazil without paying taxes (figures by Eletros, the National Association of Manufacturers of Household Appliances), and Argentina has quotas for imports of home appliances, while Brazil does not impose any quotas.

Brazilian officials have thus far accepted the above situation, even though Brazil has experienced a deficit in its trade balance with Argentina during the past two years. There will soon be problems in the Brazilian agricultural sector that will require adopting positions that may not be similar to the ones the executive branch has publicly adopted. Similarly, one must take into account that for some time Minister Cavallo has not concealed his interest in having Brazil and Argentina adopt the same macroeconomic policy. Regarding the exchange issue, it has been noted that Brazil is willing to inform Argentina of anything it can or plans to do in order to avoid problems for the sister nation. Thus far there have been only Brazilian concessions and Argentine complaints — if not demands — but there has been no tougher position taken by the government in Brasilia. There is an exception, we must admit: The inclusion of hundreds of products on the "list of exemptions"; that is, a list of items that have not been entitled to a zero import tariff since 1 January.

The Menem administration has time and again shown that it is willing to make others pay dearly for the fact that Chile, not Argentina, was the country invited to discuss the possibility of joining NAFTA. Shouldn't Brazil understand that the time has come for it to clearly define its national interests, even knowing that past conflicts belong in the past?

Trade Balance Deficit of $809 Million in May

PY2006142695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Jun 95 p B6

[Article by Renato Soares]

[FBIS Translated Excerpt] Brasilia — The trade balance deficit in May was $809 million, and not $690 million as officially reported on 14 June. The government must have considered as exports goods that were really shipped abroad during the first days of June, and which ended up reducing the deficit of May. According to a government source, exports in May amounted to $4.086 billion and not $4.205 billion, as had been reported by Jose Roberto Mendonca de Barros, Finance Ministry under secretary for economic policy, and Mauricio Cortes, Industry and Commerce Ministry foreign trade secretary.

Cortes denied that the figures had been manipulated. "There is no such possibility, because the figures are calculated by computer as soon as exports are freed in the customs clearing houses," he said. He nonetheless admitted that there could have been some difference

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between the shipment of goods and their exchange confirmation (closure of exchange register), which takes place when the merchandise has already been shipped.

According to Cortes, the exchange confirmation is registered in the same month in which the merchandise is considered to be exported. "It is possible that the exchange confirmation could be registered afterwards, as a consequence of a strike or because of a weekend," he said.

The same source, however, guaranteed to O ESTADO that in order to increase the May import figures, the Industry and Commerce Ministry included in the May register $119 million worth of exports, mainly of soybeans, which really took place at the beginning of June. [passage omitted]

Article: Estimate of 1995 Foreign Reserves Loss

PY1606220295 Rio de Janeiro JORNAL DO BRASIL in Portuguese 15 Jun 95 p 11

[Article by Gustavo Freire]

[FBIS Translated Text] Brasilia — The government will use approximately $10 billion of its international reserves this year to compensate for an external account deficit of approximately $14 billion. According to the latest estimates by economic team experts, the Brazilian trade balance should register a surplus of only $1 billion this year. The government had initially been calculating a $5 billion surplus. International reserves, which at the beginning of the Real Plan stood at $43 billion, should stand at around $28 billion in December. This figure is equivalent to only six months of imports.

The experts have noted that since January, reserves worth some $5 billion have been used to compensate for the dollar drain that followed the exchange rate modifications in March. Had the dollar drain not occurred, no reserve loss would have been registered. A government expert says: "We will have to use another $5 billion by the end of the year." At the beginning of the Real Plan in July 1994, Brazilian reserves were approximately $43 billion, while in March 1995 they dropped to $33.7 billion.

One of the factors for the external account imbalance was the very bad performance of foreign trade. According to preliminary government estimates, the trade balance surplus will be only $1 billion this year. This figure will eliminate Brazil from the ranking of the world's top trade balance figures. In this select club Brazil was surpassed only by Japan and Germany.

In the opinion of the economists, even this meager result will be accomplished only if the government actually manages to check imports and promote exports. In 1994 the trade balance registered a $10.3 billion surplus.

Getulio Vargas Foundation economists Carlos Eduardo de Freitas and Paulo Nogueira Batista Junior believe that the government can reduce the deficit if it devalues the real now. New Central Bank President Gustavo Loyola disagrees. According to Loyola, the dollar fluctuation band (0.88 to 0.93 reals) will not be modified soon, and the resolution of the deficit problem lies in slowing down the economy and, consequently, in the reduction of imports.

The deficit in the services account (foreign debt interest payments, freight, insurance, and royalties paid abroad) will also influence this year's deficit. According to the studies by the economic team, this year the services account will register a deficit of $18 billion, compared to $14.5 billion in 1994.

The 24 percent increase will be caused mainly by the disbursements for foreign debt payments and by the increase in international interest rates. The import growth has also contributed to this situation. An expert notes: "We detected an increase of remittances for payment of transportation and other services related to commerce."

The only good news came from Brazilians living abroad, who in 1995 should send approximately $3 billion to Brazil. Last year they sent $2.5 billion. Brazilians of Japanese descent now living in Japan are the main source of this flow.

Code of Ethics Abolishes Use of Middlemen

PY2006180795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jun 95 p B4

[Article by correspondent Reali Junior]

[FBIS Translated Text] Paris — Statements made by Communications Minister Sergio Motta, who said that the Brazilian Government is working on a code of ethics to provide morality in domestic and international trade relations, were a direct message to foreign companies that are used to working with middlemen, whose presence is even provided for in French laws. Middlemen have participated in this manner in trade deals in several African countries and in Latin America.

The payment of commissions to middlemen is provided for as long as they are made outside French territory, and do not exceed a certain percentage of the contract obtained. Motta wanted to call the attention of certain business sectors to the fact that such behavior will no longer be admitted in Brazil, recalling that President Fernando Henrique Cardoso himself had already warned

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in a speech that if any government official does not behave according to this principle, he will be fired.

Motta yesterday justified to O ESTADO the statements made by the president on the subject, hoping that the example from above would spread to the base. He said that if in the field of telecommunications a company does not reflect this transparency, it would be rejected as a supplier and would not participate in any negotiations in his ministry.

Some European companies have always sent middlemen to negotiations, most of the time generating scandals, which is a less frequent defect in U.S. companies, Motta said. This will not be the case from now on, because whoever behaves in this manner will be left out of the negotiations.

Chile

Justice Minister Views Letelier Case

PY1606142595 Santiago LA TERCERA DE LA HORA in Spanish 4 Jun 95 pp 14-17

[Interview with Justice Minister Maria Soledad Alvear by reporter Maria Eugenia Oyarzun; place and date not given — paragraphs in italics are additional reportage by Oyarzun on the interview]

[FBIS Translated Text] [Oyarzun] What do you think about the ruling of the Supreme Court Fourth Chamber in the case involving the murder of Orlando Letelier?

[Alvear] This ruling is very important. It aroused many expectations in Chile and abroad. It was issued after many years of work and it expressed a unanimous opinion that the people are now aware of. I believe that the fact that it was a unanimous decision is very important.

[Oyarzun] Some politicians have said that the administration pressured the Fourth Chamber of the Supreme Court into confirming Judge Banados' sentence. Have you discussed this issue with the members of the Supreme Court?

[Alvear] No. They will confirm categorically that I have not discussed this ruling or any other ruling with them. Some time ago the Justice Ministry appealed to the Supreme Court in a case involving the Prison Police, and I have never even phoned a justice to ask about or propose something. There is absolute respect for the judiciary. Because of this respect, we have a meaningful relationship which allows us to seek agreements for the future. I have never discussed a ruling with a judge.

[Oyarzun] Do you believe this was a fair ruling?

[Alvear] Yes.

[Oyarzun] You do not believe that one of the two sentenced individuals could be innocent as they claim?

[Alvear] I have not carefully read all seven volumes of the case file. I have been able to read it only once because there is a lot of material and it is very convoluted.

This case has taken a long time; it has been reviewed by the Supreme Court, and a chamber of the Supreme Court has arrived at a unanimous ruling. This means that the justices have examined the case from every possible angle and that the sentence they handed down reflects their convictions.

[Oyarzun] Is this an exemplary ruling, as the president of the Socialist Party has said?

[Alvear] It is a very important ruling which aroused expectations because of the nature of the case, and especially because it was the only case that the military government excluded from the Amnesty Law.

[Oyarzun] What would happen if General Conteras refuses to accept the court notice and to go to jail?

[Alvear] In Chile, all people who are sentenced should comply with the ruling of the courts.

[Oyarzun] Could both military officers go to the Military Hospital instead?

[Alvear] Sentenced people must serve their prison terms at detention facilities in the care of the Prison Police. Furthermore, in January 1995 Congress unanimously approved a bill that modified Article 137 of the Military Law, making it clear that military men sentenced by the courts must serve their sentences at penal institutions in the care of the Prison Police, even if they have other trials pending.

[Oyarzun] Was that bill aimed at building a special prison for Manuel Conteras and Pedro Espinoza?

[Alvear] We do not build prisons for specific people. We are, indeed, building a prison in Punta de Peuco for people who have special immunity, or for public officials, as will be established in the appropriate set of regulations that will be drafted after the prison is finished. Essentially, this prison will be for people who should be separated from the rest of the prisoners for their own safety, for which the Prison Police is responsible.

[Oyarzun] What can you tell me about Gen. Contreras' remarks that he will not go to jail?

[Alvear] I do not pay any attention to what Mr. Contreras has said. Court sentences are complied with in Chile, and there are means and ways to enforce them.

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[Oyarzun] Do you believe that this ruling will help "reconcile" Chileans?

[Alvear] I believe so. This ruling will help the process of reconciliation, and I greatly appreciate the remarks of key public figures in this regard.

[Oyarzun] What is the status of the Punta de Peuco prison?

[Alvear] The first part will have four units, two of which will be finished in June this year.

[Oyarzun] Will Gen. Conteras and Brig. Espinoza be the first inmates in that prison?

[Alvear] They could, as could other people who are standing trial, or who have been sentenced by the courts.

[Oyarzun] Will that prison be particularly comfortable?

[Alvear] The Punta de Peuco prison is a penal institution just like any of the new prisons being built by the Prison Police. Its standards are considerably higher than those of the prisons we now have, which are quite inadequate.

[Oyarzun] Did the television interview with Osvaldo Romo [former National Intelligence Directorate, Dina, agent] help bring about the ruling against Conteras and Espinoza?

[Alvear] I believe that his utterances were so cruel and aroused so much widespread rejection among the people that the justices most probably disregarded them.

[Oyarzun] It has been said that this was a political, rather than a legal, trial. What do you think?

[Alvear] I do not want to pass judgment on this trial, given the fact that it took such trustworthy justices so many years to issue their ruling.

[Oyarzun] If Conteras were to ask for a presidential pardon, would you recommend to the president of the nation that it be granted?

[Alvear] I would have to review the situation and the entire case file. There are no standard policies on pardons, nor can I prejudge prospective requests for a pardon, because if such a request is made, it is necessary to put together a case file with all kinds of background information. The person in question must have served a portion of the sentence, and the case file must include Prison Police reports and records about the inmate's behavior. The case file must also include the reports of the social worker, and of other professionals who evaluate the case, and the opinions of priests or other people who provide spiritual support and can say that the person who is asking for a pardon could be rehabilitated and returned to the fold of society. The important thing is that people, not crimes, are pardoned. Therefore, one can hardly pass judgment about an as yet nonexistent personal file, as in this case.

[Oyarzun] You have reported on pardons which have since been granted, like a recent case of a drug trafficker....

[Alvear] Many requests for pardon have been filed. A number of them are submitted every day. There is a pardons department in the Justice Ministry. The job of this department is to review the background of each case to make sure that all legal requirements have been met. There is a procedure that must be followed through the appropriate department, the under secretary, and the justice minister. The minister then submits the case to the president of the nation. We have turned down more than 80 percent of the requests. We have been quite sparse about pardons.

[Oyarzun] A drug trafficker and those who tried to kill General Pinochet have been pardoned. Do you think they deserve it more than Espinoza and Contreras?

[Alvear] I repeat, crimes are not pardoned, only people. All crimes are wicked: drug trafficking, homicide, patricide, rape. If I were to pardon crimes, I would pardon no one, because the courts must have had a reason for sentencing them. Individuals who have perpetrated a crime, complied with a sentence, and appealed to the president of the nation for a pardon after serving a large portion of their prison term can be pardoned after due study of their records.

[Oyarzun] Do you believe that "the Army was on trial" together with Contreras and Espinoza?

[Alvear] Absolutely not. People stand trial, not institutions. The president of nation said so very clearly on 30 May.

[Oyarzun] Senator Santiago Sinclair [designated by the military government] has said that the ruling has "hurt" the Army. What do you think?

[Alvear] I believe he is wrong and I prefer to go along with the interpretation of the president, who very clearly said that people, not institutions, were sentenced.

[Oyarzun] In this case involving the two officers, when will the Prison Police step in?

[Alvear] Once the ruling is handed down, it has to be made public through the record of the day and certified by the court secretary; then the case file goes to the lower court, which means Judge Banados. The latter must notify the convicts, which he can do through their lawyers or personally. This is what is called the "so be it" notification. Thus notified, the convicts must appear before the judge to hear the ruling. In the case

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of Contreras, Judge Banados could accomplish this by asking the court of Puerto Varas to notify Contreras on his behalf. Should the convicts refuse to appear, Judge Banados is empowered to ask Carabineros or the Investigative Police to execute whatever action he may deem appropriate. The important thing is that the instructions that the judge could give to Carabineros or the Investigative Police will be coming from him, not from the government. It is up to the Judicial Branch, through Judge Banados, to enforce the sentence.

[Oyarzun] Where does the executive branch come in?

[Alvear] Once the convicts are turned over to the Prison Police.

[Oyarzun] Could Contreras and Espinoza ask for bail or parole once they serve half of their sentence?

[Alvear] Of course. Like any other person, they are entitled to request it.

[Oyarzun] What if Gen. Contreras puts up resistance?

[Alvear] Every legal mechanism must be used to enforce a court sentence.

[Oyarzun] Is the administration studying the possibility of promulgating a "law of expiration?"

[Alvear] No, it is not on the administration's agenda.

[Oyarzun] What do you think about the decision of the Supreme Court Second Chamber to overrule the amnesty law in the case involving the death of Carmelo Soria [Spanish UN official] and indict two Army officers?

[Alvear] The Supreme Court did not rule on the subject of the amnesty law yet. What it did was to indict two people, but that does not imply a ruling on the core of the matter. It will propably do so in the coming weeks.

[Oyarzun] Do you believe that it is fair to try military officers, and not the parties that made up the former Popular Unity, which caused the military intervention in 1973? Hermogenes Perez de Arce [not further identified] believes that it is "wicked."

[Alvear] I would make a clear distinction between court sentences that are arrived at after the appropriate criminal trial, and the historical opinion that people may have about administrations or specific situations a given country has experienced. The two are completely separate things. A Supreme Court ruling against two people has nothing to do with the assessment of the historical context in which this ruling took place.

[Oyarzun] Could there be repercussions within the Army — both as regards active service and retired members — regardless of the course of action this institution takes?

[Alvear] I have the impression that there will not be any repercussions. The defense minister was most emphatic that, in light of his knowledge about this period, he had no doubt whatsoever that the Armed Forces would abide by the ruling issued by the Supreme Court.

[Oyarzun] On what issues have you put special emphasis in the discharge of your duties?

[Alvear] With President Frei, we have laid fundamental emphasis on the modernization of the system of administration of justice. From the outset, we have worked in cooperation with the judges in the drafting — after a century —of a new Chilean Criminal Procedure Code, which we are going to submit to Congress next week, and which provides for the establishment of a Department of the Public Prosecutor. To quote Supreme Court Chief Justice Marcos Aburto, this new code will bring about a veritable revolution in criminal matters.

[Oyarzun] Aburto proposed setting up a commission to study the issue of the judiciary....

[Alvear] The commission was not established because there was one already dealing with criminal procedure. I would like to underscore, however, the significant common ground between the Supreme Court chief justice and the government as regards objectives.

"We are working on a bill on arbitration and mediation for the settlement of controversies. Moreover, we will submit another bill establishing family courts. We are going to make criminal proceedings less cumbersome thanks to the modernization of the Code on Criminal Procedure. We will take steps so that the poor strata of society can have access to justice through a bill creating regional assistance corporations. We are working in cooperation with the judicial branch and the Finance Ministry on a technical study on the tasks undertaken by the judiciary so as to establish wages according to a scale — something which does not exist at present — and to the type of work done. All this has to do with the modernization of justice."

Minister Alvear acknowledges that, as in all activities, there are members of the judiciary who are guilty of wrongdoing, but they are investigated and punished. At the same time, she asserts that most of the judges are honest and discharge their duties with responsibility. She adds: "I think that some changes will help to eliminate the possibility of malpractice. Public opinion is under the impression that criminal proceedings abound with irregularities. If we introduce oral trials — in which there is contact with the parties and the counselors —

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probative evidence will become open and public. Moreover, mistrust will be avoided with the establishment of a Department of the Public Prosecutor, in charge of the entire investigation, and the submission of the records to the judges so that they may pass sentence in oral and public trials."

[Oyarzun] Are we going to adopt the same system as the United States?

[Alvear] Inasmuch as trials will be oral, yes, but we do not intend to have trial by jury.

[Oyarzun] Will there be a rapporteur of the proceedings different from the judge?

[Alvear] Yes, we have proposed the creation of a Department of the Public Prosecutor — an autonomous institution like the Central Bank — headed by a prosecutor throughout the country. Prosecutors, rather than judges, will be in charge of conducting the investigations supported by Carabineros and the Investigative Police.

[Oyarzun] Will the Department of the Public Prosecutor not render the system more bureaucratic?

[Alvear] No, it will render it more efficient as measured by results. In our country — except for special laws — only 6 percent of trials end in conviction.

[Oyarzun] Does the Supreme Court chief justice agree with this?

[Alvear] The Supreme Court has not yet publicized its official position. It will surely do so when the bill is submitted to Congress. Nevertheless, a Forum on Criminal Procedure has been in session for a year to analyze the different stages of the draft bill. Members of the judiciary have participated in this forum. Still, we believe that this bill may meet with much opposition, not only on the part of judges but lawyers and members of the system as well, because no one in Chile is prepared to come to grips with this subject.

Officials Evaluate Outcome of Letelier Case

PY2206022595 Santiago EL MERCURIO in Spanish 21 Jun 95 p A1

[FBIS Translated Excerpt] Government and congressional members yesterday said that the state of law is being respected in Chile and that there has been no political crisis as a consequence of the Letelier court ruling.

Interior Minister Carlos Figueroa said that the imprisonment of Brigadier Pedro Espinoza demonstrates that the institutions work in Chile. He likewise asked the people to remain calm, as court rulings have their own terms and rhythm.

Foreign Minister Jose Miguel Insulza also said that the image of Chile was not seriously harmed by the episodes of General Manuel Contreras, retired, and ex-Brigadier Espinoza after they were sentenced to seven and six years in prison, respectively, for having planned the murder of former Foreign Minister Orlando Letelier.

Espinoza's discharge and imprisonment were analyzed yesterday by the executive branch. Espinoza was arrested yesterday at dawn after being transferred from the Telecommunications Command in Penalolen to the special prison of Peuco, in Tiltil.

For the government officials, the arrest of Espinoza reinforces the state of law in all Chilean institutions, said Government Under Secretary General Edgardo Riveros after a meeting of the Political Inter-Ministerial Committee.

For his part, Senator Bruno Siebert (RN) [National Renewal] said that the sentence which Espinoza began to serve yesterday represents a "sacrifice" for some of the people who worked to make Chile overcome the chaos into which it fell in 1973.

Siebert, who is a retired general, said that he still feels "terribly hurt" by the effects of the Letelier court ruling. He said, however, that the court decision must be respected.

Espinoza was imprisoned after he had publicly said that he intended to serve his sentence in a military unit, which caused discomfort in political and judicial circles, and which was ruled out by the government.

Before his arrest, the Supreme Court members were upset. They held an extraordinary meeting on 19 and 20 June to discuss the latest events connected with the sentence issued by the Supreme Court.

During the meeting they held yesterday, they decided not to make any statement about the sentence and to remain alert to see if Gen. Contreras, who remains hospitalized in the Talcahuano Naval Hospital, obeys the court sentence.

As for the former chief of the dissolved National Intelligence Directorate (Dina), Justice Adolfo Banados last night announced that new investigations were ordered "to determine exactly" the state of health of Gen. Contreras, "which is the main thing."

He said that no decision has yet been adopted regarding Contreras, who has been hospitalized at the Talcahuano Naval Hospital for the past eight days.

In the morning, when he left his home, Banados said he was under the impression that the health of Contreras "was less serious than yesterday or the day before

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yesterday," and he showed the jorunalists documents on the latest investigations he received, documents he was about to study.

Shortly before Justice Banados left court, he visited the office of Army Auditor General Fernando Torres, who on Tuesday denied that negotiations had taken place before Espinoza was discharged.

Political Analysis

With the arrival of Espinoza at the so called top security prison in Punta Peuco yesterday, the episode of his situation ended. In La Moneda Palace yesterday, government officials concentrated on the legal steps that must now be taken to ensure that the sentence issued for Gen. Contreras is obeyed.

The subject was discussed during a meeting among President Eduardo Frei, Interior Minister Carlos Figueroa, Defense Minister Edmundo Perez Yoma, and Justice Minister Soledad Alvear. The political ministers afterward met to discuss the case of Contreras' and Espinoza's imprisonment, after which they issued a declaration that was read by Riveros.

Interior Minister Figueroa subsequently made statements in Valparaiso. He said that the latest events regarding the sentences of Gen. Contreras and ex—Brig. Espinoza have caused concern abroad, but he attributed it to an attitude of nervousness that is reflected from Chile.

Figueroa said in Congress that the fact that the Army handed Espinoza over to the Investigative Police shows that the country's institutions work.

Figueroa asked for calmness on this issue, saying the state of law prevails in Chile because the court rulings are obeyed. He said this is proven by the handing over of ex-Brigadier Espinoza and his transfer to a prison for military personnel.

He admitted there was some uneasiness with regard to this case, but noted that it had its origin not in facts but in loud declarations seeking to be heard.

Senator Gabriel Valdes also agreed with Figueroa yesterday by saying there was no political crisis in the country over the Letelier case, that there was "overexcitement" that had a strong and negative effect abroad.

Valdes said the expectations were created by the behavior of two individuals — Contreras and Espinoza — in view of the Supreme Court ruling. He added that from the time the ruling was signed up until the night before last, this was a process and not a political problem between those two individuals and the judicial branch.

He pointed out that the Armed Forces fulfilled their promise, that the Army honored its word that once Espinoza was notified of the ruling, he would be handed over to the penitentiary officials.

International Image

Regarding the deterioration of the country's international image caused by the latest events, Minister Figueroa said this was caused by an attitude of nervousness that was reflected from Chile. But he said that if everything functions within the system and the institutions continue to operate, that image will disappear quickly.

Foreign Minister Insulza, who also agreed with Figueroa, discarded the comments of some sectors to the effect that the situation created by the court ruling sentencing Contreras and Espinoza could seriously affect Chile's international image.

Insulza believes that the real impact of the Letelier case and the delay in getting Contreras to prison cannot be measured by the daily events but the way this process will finally end.

Insulza emphasized the solidarity expressed by the four presidents of the Mercosur [Common Market of the South] countries in their message to President Eduardo Frei within the framework of their summit held on 19 June.

Insulza noted that in the message sent to President Frei, the four presidents expressed their confidence that Chilean democracy will be strengthened by this event.

He said that although he verified there is concern abroad, at the political and business level, regarding the latest events in Chile, that concern has not affected the country's international image.

In contrast, Deputy Andres Allamand of National Renewal said that the events of the past few weeks in Chile hurt the country's image because nowadays countries' internal problems immediately have an impact abroad.

Allamand made these comments in Sao Paulo, Brazil, where he arrived on 18 June to attend the Mercosur summit as a member of the group "Leaders of the Future," which is part of the World Economic Forum. This organization, which organized the event, is a private one that has existed for 30 years and gathers 1,000 more important companies in the world.

Allamand said that the best achievements any country can show to the international community are three in number: political stability, economic stability, and modernization programs that include privatizations, dereg-

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ulations, open trade, and attraction of foreign investments.

Economic Effect

Public Works Minister Ricardo Lagos said that undoubtedly the so-called Contreras case has had a negative effect on the economy.

He said he was in Europe when the court ruling came out and that this was seen as extremely positive. He added it was quite normal that the world looks with expectation for the fulfillment of the court ruling.

In Valparaiso, government and opposition senators disagreed on the effects of this event on the economy.

Senator Francisco Prat of National Renewal said yesterday that the assumption that the country's situation is being affected by the Contreras case means trying to make political use of situations typical of the market in an effort to exert pressure in a certain way because the prices of shares either dropped or increased.

He said that economic analysts, and particularly foreign ones who are used to detecting the situations being experienced in different countries, are especially rational and well-informed.

Senator Sergio Bitar of the PPD [Party for Democracy] said, however, that the economic situation of countries like Chile does not depend only on economic figures, but on the perception of stability.

He said that in the last few weeks stability was undoubtedly affected; therefore, it is not a coincidence that the ADR [American Depository Receipts] suffered a loss in the stock exchanges of New York and Chile when those of other countries did not drop. [passage omitted]

Pinochet Interviewed on Letelier Ruling

PY2106010095 Santiago LA TERCERA DE LA HORA in Spanish 18 Jun 95 pp 20-23

[Text of interview with Army Commander Augusto Pinochet by Maria Eugenia Oyarzun at the Armed Forces Building in Santiago on 14 June]

[FBIS Translated Text] Captain General Augusto Pinochet Ugarte always takes us by surprise. Three weeks after submitting, without too much optimism, a letter requesting an interview for the newspaper LA TERCERA, I received on 12 June [date as published] an urgent message: The Army commander would meet me on 13 June [date as published] at 0900 at the Armed Forces building. I arrived at the former president's office with great expectation after having informed newspaper director Hector Olave about this unexpected opportunity, phoning the documentary material department to obtain more background material for my questions, and drafting about 80 questions. Pinochet had already been in his office for some time. He was meeting with subordinates and going over reports carried by the different media. Minutes later he walked into the dining room next to his office.

Wearing a military uniform, with a serene and cordial demeanor and a somewhat ironic and funny expression in his blue eyes, he told us quite irreverently: "Well, here I am. Fire away! In his hands he was carrying a file containing two pages written in his own handwriting, which he placed on the table in front of him.

During the meeting, which lasted more than two hours and was recorded, the military officer (79 years old, married to Lucia Hiriart, father of five, and grandfather of 22 grandchildren) answered all the questions we asked him, without previous notice, in relation to the ruling issued by the Fourth Chamber of the Supreme court concerning the assassination of Orlando Letelier in Washington D.C. on 21 September 1976. For weeks this case has shocked the political, judicial, journalistic, and military sectors.

During the 140 minutes of the interview, Gen. Pinochet became annoyed, laughed, and frowned, and spoke while beating his hands on the table a couple of times and in a whisper on several occasions. He also made some funny gestures that made us laugh. We were so engrossed in our conversation that our respective tea cups got cold and the tea was left for another occasion.

[Oyarzun] People say that the Army has staged a "show" around General Manuel Contreras' arrest. Is this true?

[Pinochet] We do not stage "shows." We always abide by the law. Manuel Contreras is a Chilean general, and we have always maintained this.

[Oyarzun] Why did Gen. Contreras go to the "Sangra" Regiment"

[Pinochet] Why shouldn't he have gone? No one would shut the doors in his face, because he is a Chilean general. Nothing forbids him from entering military places, and he can go whenever he pleases. The Army is loyal within the framework of the law.

[Oyarzun] What is your opinion about the situation regarding the ruling against Gen. Contreras and Brigadier Pedro Espinoza?

[Pinochet] That many things have been overlooked in this case!

[Oyarzun] Have they tried to humiliate the Army, as has been maintained?

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[Pinochet] Although no one admits it, they have tried to complicate things.

[Oyarzun] Do you think they set up a special court?

[Pinochet] I do not think so.

[Oyarzun] Does the Army feel offended?

[Pinochet] To the extent that an officer is believed to be "a danger to society," of course it feels offended!

[Oyarzun] Do you believe there is an escalation against the Army?

[Pinochet] The only thing I want to say is that these things cannot go on. They have to stop. If we continue like this, we may experience such serious situations that no one will be able to stop them. We are not witnessing, however, any willingness to terminate this situation. Speaking against the institution are some filled with hatred, individuals who refuse to assume their responsibility for leading the country to the situation that forced the Armed Forces intervention. Order had to be imposed and harsh measures adopted, but always striving to act within the framework of the law.

[Oyarzun] Some say that this is not a trial against Gen. Contreras but a trial against the miltiary government. Do you agree?

[Pinochet] Of course, deep down there are some who want to put the military government on trial.

[Oyarzun] Do you believe that they want to put the Armed Forces and Forces of Order on trial?

[Pinochet] Although they do not admit it, that is what some are thinking.

[Oyarzun] But it has been said that the Army has upheld the ruling of the Fourth Chamber of the Supreme Court....

[Pinochet] No, no, no, Madame! The Army has nothing to uphold. The ruling is not against the institution. I have always maintained that the law must be upheld.

[Oyarzun] Which law?

[Pinochet] The law.

[Oyarzun] Do you believe rulings should not be complied with when they are unjust?

[Pinochet] I am not saying that. What I am saying is that when they are unjust they have to be appealed and people made to see that they are wrong.

[Oyarzun] Do you believe that Gen. Contreras and Brig. Espinoza did not have a fair trial?

[Gen. Pinochet taps some papers and says: "No. The trial that was most publicized has been that against Brigadier General Manuel Contreras and Brig. Pedro Espinoza."]

[Oyarzun] What is your impression about this trial?

[Pinochet] I have reviewed several articles written by experts on the matter, and they assert that an "ad hoc" court was established after the perpetration of the events under investigation. According to these experts, a court cannot be established after the perpetration of events, much less so if the extradition trial had already established that there was no evidence to determine that the two officers in question are guilty. The only court to proceed in such a manner was the Nuremberg trials.

[Oyarzun] Was this like Nuremberg?

[Pinochet] No, but according to some experts, a court was established in Chile after the perpetration of events that occurred in the United States. "The guilty ones were established on the basis of mere suppositions." Other jurists believe that a first instance court was established in compliance with the law without establishing a second instance court. Such a thing would require a constitutional law and not a mere Supreme Court decision that was adopted after the case was taken up by the new court and after the people in question were indicted.

[Oyarzun] That is, after the two officers were brought to trial?

[Pinochet] Yes. In view of this, I believe that their constitutional guarantees of equality before the law may have been violated, particularly their right to due process of law.

[Oyarzun] Do you believe this trial is unconstitutional?

[Pinochet] This is something to be decided by experts. I am pondering the matter because I am not a lawyer. I only studied law for a few years.

"Officers Contreras and Espinoza were deprived of the basic legal rights that all individuals are entitled to have and which were upheld when their case was handled by the military courts. In view of this, they found themselves in an inadmissible situation of defenselessness. It is quite obvious that the case has been extremely politicized because of what we experienced in the past three decades."

[Oyarzun] What is your opinion about this politicization?

[Pinochet] Among other things, this is because those involved termed as "exemplary" the so-called Letelier case and as "historic" the condemnatory court ruling. This is my opinion about the situation....

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[Oyarzun] What do you think about the congratulatory message that U.S. President Bill Clinton sent to President Frei in view of the ruling on the Letelier case?

[Pinochet] I am on tenterhooks, but I have already issued my opinion on this. I can only reassert that Chile is nobody's colony.

[Oyarzun] Do you think the executive branch exerted influence on this ruling?

[Pinochet] I do not think so because in Chile there is separation of powers, namely, the executive, legislative and judicial branches. When one of the other government branches exerts influence over the judicial branch, justice is usually adversely affected.

To Accept and Comply

[Oyarzun] Did the Army hold negotiations with the executive branch on this case?

[Pinochet] It would be inappropriate to do so.

[Oyarzun] After a meeting with generals from the Santiago garrison, presided over by you, Defense Minsiter Edmundo Perez Yoma said that "the Army will abide by the Supreme Court ruling."

[Pinochet] If that is what the defense minister said, it is because that is what he understood. I believe that the term "abide by" can only be applied to the parties involved in the process, and this is not the case. The origin of this term dates back to the period of colonial rule, when the king of Spain sent documents to an official, who placed the notification over his head and said: "I accept and comply."

"The Army accepted the Supreme Court ruling; that is what I think."

[Oyarzun] Manuel Contreras referred to the bad memory of Chileans, who have forgotten what was experienced between 1970 and 1973. Do you agree with him?

[Pinochet] Some have strived for people to forget this period.

[Oyarzun] Do you believe that the court ruling against Contreras is a historic ruling?

[Pinochet] It is a historic ruling because of the negative aspects involved.

[Oyarzun] What do you think about the jails for military officers that the defense minister visited on 13 June?

[Pinochet] That jail was not built for military officers but for officials who enjoy a special immunity.

[Oyarzun] Don't you think it is odd that the defense minister visited the jail in the company of the under secretary of war?

[Pinochet] The Armed Forces, Carabineros, and Investigative Police fall under the jurisdiction of the defense minister.... [he says, smiling.]

[Oyarzun] Will the Army surrender Gen. Contreras?

[Pinochet] Why, nobody is keeping him in! He has been sick, and I have been told that he needed to be properly looked after. At present, he is in the hospital. I say! Being under such pressure for 17 or 18 years, as Contreras has been, would make anybody go crazy!

[Oyarzun] Do you believe that Conteras and Espinoza are innocent of Orlando Letelier's assassination?

[Pinochet] Well, I have always believed them.

[Oyarzun] Was it the CIA?

[Pinochet] I do not know whether it was the CIA, the FBI, or the KGB. I have been told it was a conspiracy to murder him.

[Oyarzun] General and Senator Santiago Sinclair has pointed out that "the Army was wounded" by the ruling. Is that true?

[Pinochet] Of course, we all feel wounded. We did what we thought best for the country.

[Oyarzun] Fabiola Letelier [sister of the late Orlando Letelier] has stated that it was clear that the ruling was against two persons, but the Dina [National Intelligence Directorate] was an agency under the military regime, and the sentence referred to it clearly in paragraph 21. In mentioning the defense of Conteras and Espinoza, it said that the Dina was part of the government, and therefore there is political responsibility in this case. What do you have to say about this?

[Pinochet] I understand that the lady may be upset, but she is totally wrong.

[Oyarzun] Fabiola Letelier said that the judiciary "has recovered the dignity it had lost under the de facto government." What is your opinion of this?

[Pinochet] I find all this very weird! The very same judges who are at present held in great respect have asserted on many occasions that they enjoyed absolute independence and respect in the discharge of their duties under the military regime.

[Oyarzun] Was political pressure exerted during the trial?

[Pinochet] I am not sure whether it was political pressure, but I was fully aware of people's pressure.

[Oyarzun] Do you think this was a trial against individuals or against the Army?

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[Pinochet] I am not going to say it.

[Banging the table with his hand, Gen. Pinochet said: "This trial was most unjust."]

[Oyarzun] Then it is void.

[Pinochet] I do not know how it will be interpreted.

[Oyarzun] The Army has been criticized — especially by Jorge Schaulsohn, president of the Parties for Democracy (PPD) — for the expenditures it has made to "camouflage" the departure of Gen. Contreras from his country house. What do you have to say about this?

[Pinochet] I think Mr. Schaulsohn is worried about the money. I congratulate him for that because he is fulfilling his congressional role.

[Oyarzun] Why was all this operation set up?

[Pinochet] Because we had to take Gen. Contreras away from that farm to avoid humiliation. A circus was set up there, and we had to prevent it. It was for this reason that we acted in this manner. We cannot allow a general of the Republic to be humiliated!

[Oyarzun] But Gen. Contreras also went to the "Sangra" Regiment at dawn on Sunday....

[Pinochet] No one has forbidden Gen. Contreras to go wherever he wanted. There was no restriction on that.

[Oyarzun] Was Gen. Contreras' departure not an Army plan?

[Pinochet] No, those are very little things that need no planning.

[Oyarzun] And what about the Tuesday operation, when Gen. Contreras arrived at the Talcahuano Naval Hospital, eluding detectives and reporters. Was it planned?

[General Pinochet squints his blue eyes as he looks at us, and makes a gesture with his index finger and thumb: "About this much. It is just a matter of efficiency."]

[Oyarzun] What would be, in the Army's opinion, a decent place for the two Army officers to serve their sentence?

[Pinochet] The most reasonable thing would be to send them to a safe, decent, and peaceful detention center.

[Oyarzun] Such as a hospital?

[Pinochet] If he is sick, he must be in the hospital.

[Oyarzun] What is your opinion of the interview Osvaldo Romo gave to Univision Network?

[Pinochet] That interview was revolting. I wonder why the Americans nose around for interviews. Who gave them permission? Things have reached such huge proportions that I think it advisable to keep quiet....

[Oyarzun] Do you think that the military regime's actions have been placed in jeopardy with this prosecution?

[Pinochet] I think that the military regime's action was the right one because it made the country take off, and that is something one never forgets.

[Oyarzun] When you say that the Army feels wounded, do you refer to the entire institution, or only to the upper echelons, as some politicians contend?

[Pinochet] If those politicians know all the answers, I do not see why they are concerned! They would be well advised to know what the Army is really like.

[Oyarzun] What is your opinion about President Frei's speech over radio and television network?

[Pinochet] I think it was a fine speech; very prudent words.

[Oyarzun] He said that court rulings must be upheld.

[Pinochet] That is precisely what I maintain.

[Oyarzun] National Prison Police Director Claudio Martinez has said that the jail being built for Contreras and Espinoza only lacks sheets and blankets. What do you have to say?

[Pinochet] They should buy them.

[Oyarzun] Would you rather have a prison guarded by Carabineros than the National Prison Police?

[Pinochet] If it is safer.

[Oyarzun] People allege that Contreras is "a crook."

[Pinochet] Contreras is not a crook. He is a man who defended the country.

[Oyarzun] What did the government do when human rights violations charges were raised?

[Pinochet] Well, they were investigated by the courts.

[Oyarzun] Do you believe this is one of the most difficult situations the Army has experienced after handing over power in 1990? Was the situation worse during the Army show of force [Boinazo] and the liaison training exercise [during the Patricio Aylwin administration, 1990-94]?

[Pinochet] Something must be made perfectly clear. We did not violate the state of rights. We have never done that.

[Oyarzun] What do you mean?

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[Pinochet] Look, the Army show of force [Boinazo] you have just mentioned did not violate the state of rights. The liaison training exercise is authorized by Army regulations with the objective of training our personnel. We have done nothing outside the Constitution. Traffic wasn't even interrupted.

[Oyarzun] Is it in compliance with the state of rights to oppose a court ruling?

[Pinochet] We obey court rulings; we have not violated them.

[Oyarzun] If both officers were to be detained at the special jail, would you be satisfied?

[Pinochet] I insist, they should receive the proper treatment an Army general and brigadier deserve.

[Oyarzun] Is the fact that Gen. Contreras was received at the Talcahuano Naval Hospital a sign of unity among the two institutions?

[Pinochet] We have always been very closely tied to the Navy, as well as to the Air Force and Carabineros. The Army and the Navy were born to independent life together.

[Oyarzun] Did you request Navy Commander Martinez Busch to authorize Gen. Contreras' admittance to the Naval Hospital?

[Pinochet] He publicly stated the reasons for admitting Contreras to the hospital, and I agreed with him.

[Oyarzun] I heard you in Washington swear before God that you never had anything to do with Orlando Letelier's assassination.

[Pinochet] That is right; I never had anything to do with it. For the past 18 years, they have been investigating me, even under my shoes.

[Oyarzun] Public Works Minister Ricardo Lagos has said that Gen. Contreras was receiving quite different treatment from that he himself was given in September 1973, when individuals broke into his house and took him by force. What do you have to say to this?

[Pinochet] I did not know Mr. Lagos then. I have met him only recently.

[Oyarzun] Jaime Estevez, the president of the Chamber of Deputies, said that in view of the show of support for Contreras, it seems that as Army commander you do not have "everything tied up in a knot" within the Army. Are there any loose ends in the Army?

[Pinochet] If that is his interpretation, it is fine with me. It is my problem, but I believe that I have everything well tied up. If he says otherwise, that is up to him.

[Oyarzun] Will you confirm the report by the newspaper LA NACION to the effect that the administration issued an ultimatum to the Army ordering Gen. Contreras to appear at the "Sangra" Regiment at 1800 on 11 June?

[Pinochet] That newspaper was very off target. We have excellent ties with the administration.

[Oyarzun] With President Frei too?

[Pinochet] We have excellent ties with the president. Many of us who are still in the government served under his father's administration, that of President Eduardo Frei Montalva. He awarded me a decoration and appointed me intendant of Tarapaca.

[Oyarzun] Justice Banados has ordered the arrest of Manuel Contreras and Brig. Espinoza. In view of the fact that both of them are in military facilities, will you hand them over to the courts?

[Pinochet] I am surprised by your question. What do I have to do with all of this if the general is hospitalized?

[Oyarzun] Brig. Espinoza is at the Telecommunications Unit.

[Pinochet] Yes, that is where he is.

[Oyarzun] Will the Investigative Police arrest him there?

[Pinochet] I do not know. Don't make me play the role of a soothsayer, because I am not one.

[Oyarzun] What will happen if the Investigative Police detectives arrive at the Naval Hospital to look for Gen. Manuel Contreras?

[Pinochet] The hospital is under the command of the hospital director.

[Oyarzun] More than one person has said that "through the branches you get to the tree," and you are that tree. Would you agree with this?

[Pinochet] I not only believe it; I am absolutely certain that there are some who are striving to achieve this, because I am the one they loathe and because communism is like a religion. They will not cease until I am dead.

[Oyarzun] The Second Chamber of the Supreme Court agreed to bring to trial two Army officers charged with the death of Carmelo Soria despite the Amnesty Law....

[Pinochet] We are striving to achieve reconciliation and an end to the tension, but there are those who want to ignore the Amnesty Law. We only want it to be properly enforced.

[Oyarzun] The Soria case should not have been opened?

[Pinochet] There was no reason for opening it.

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[Oyarzun] Jorge Schaulsohn has said that the recent military movements have done much harm to the country. Do you agree?

[Pinochet] If he believes that, he is free to do so.

[Oyarzun] The PPD president said that Chile's image in the past few days was that of a "banana republic."

[Pinochet] But he lives quite happily in this "banana republic."

[Oyarzun] Will human rights violations cases be resolved through a law of expiration or a new reading of the Amnesty Law?

[Pinochet] I believe they will be resolved on the basis of a new reading of the Amnesty Law.

[Oyarzun] Socialist Party (PS) President Camilo Escalona said in January that putting Contreras in jail is similar to putting the dictatorship in jail because sentencing Contreras is synonymous with sentencing the military dictatorship. What is your opinion?

[Pinochet] This is why I maintain that although they may deny it, there are those who are trying to complicate things.

[Oyarzun] Is it true that the defense minister and the other members of the administration had no idea about Gen. Contreras' whereabouts? Didn't you inform them about it?

[Pinochet] Had he wanted to know, he would have asked me....

[Oyarzun] [National Renewal, RN, Party President] Andres Allamand has said that we had to end this suspense novel and that there is no extraterritoriality in Chile. Do you agree with him?

[Pinochet] Well, all that Mr. Allamand said is very interesting.

[Oyarzun] In your speech on the occasion of Infantry Day, you said that you have "broad support in fulfilling your military tasks." Why did you have to mention this?

[Pinochet] Because we were reviewing new material, [he said ironically.]

[Oyarzun] How is Army morale right now?

[Pinochet] Very good, as it has always been.

[Oyarzun] Has the ruling against Contreras and Espinoza opened a "Pandora's box" with hundreds of trials against the military?

[Pinochet] Experience has shown that many things can happen. But I have a clear conscience; my people are working.

[Oyarzun] Have you had any meetings with the president?

[Pinochet] None at all.

[Oyarzun] Has he summoned you?

[Pinochet] No.

[Oyarzun] Is he annoyed with you?

[Pinochet] No, why should he be? I have done nothing against him or the administration. I have fulfilled my duty.

[Oyarzun] Defense Minister Perez Yoma has not met with you either?

[Pinochet] No, he has not.

[Oyarzun] Is he annoyed?

[Pinochet] I do not think he is annoyed. I have done nothing wrong. I have control over my people; I went to the north....

[Oyarzun] And what has he said about the operation designed to avoid the discrediting of Gen. Contreras? Is he annoyed?

[Pinochet] I have not talked to him. [He was just arriving.]

[Oyarzun] Do you feel alone in the Army?

[Pinochet] Not only do I not feel alone, but I have many friends. Let me also remind you that we are active members of society.

[Oyarzun] Why are you annoyed by the words "abide by"?

[Pinochet] I am not annoyed by them, but I believe you abide by something when you are willing to sacrifice everything.

[Oyarzun] Has the Army felt pressured by this situation?

[Pinochet] No. Everything that is said against us does not affect us in the least. Those countries that think seek peace through redemption [acciones de olvido].

[Oyarzun] There are those who maintain that while politicians and journalists are concerned about Gen. Contreras, there are other pending issues that have been overlooked, such as the Laguna del Desierto ruling, the Southern Glaciers issue, ties with Cuba, etc. What do you think about all this?

[Pinochet] I keep my views to myself because it is not up to me to comment on issues which I am not allowed to discuss because of my current position.

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[Oyarzun] Do you agree with establishing ties with Cuba?

[Pinochet] I am not going to say anything one way or the other.... I cannot comment on that issue.

[Oyarzun] What if Castro comes in September or October — will you render him the honors due a head of state?

[Pinochet] Let us not talk about suppositions because I do not know whether he will come or not....

[Oyarzun] Are you disappointed by the politicians in this new period of Chilean history?

[Pinochet] No, I was aware of and knew what was to come.

[Oyarzun] Are you concerned about the situation of the two officers?

[Pinochet] Yes, I am concerned about their personal situation, their relatives and the publications that have harmed them.

[Oyarzun] Do you believe that Chileans have acknowledged the efforts made by the Armed Forces and the Army?

[Pinochet] Look, the people who think do acknowledge it. The others perhaps did not acknowledge it at first, but they do now. Some thought that the return of democracy was the magical formula, but evidence has shown them the contrary. Democracy works when there are jobs and order. Then the country can develop. Nothing is achieved through disorder or by squeezing money from those who have money because in the end everything falls apart.

[Oyarzun] Are you sorry about something you did or did not do during the military regime?

[Pinochet] I am sorry I was unable to do more for the middle class.... However, we had no more resources at the time.

[Oyarzun] Aren't you sorry for not having left the Armed Forces and forces of order for a better economic situation?

[Pinochet] If I had thought differently I would have, but because I believed that the entire country should develop at the same pace, why should the Armed Forces have achieved development at a faster pace than the rest of the country?

[Oyarzun] There are those who think that you are still in command of the country. Do you agree?

[Pinochet] I am only in command of the Army.

[Oyarzun] The Contreras case has been surrounded by quite a lot of publicity....

[Pinochet] Journalists are to blame for that.

[Oyarzun] Do you think it has had much publicity because of journalists or because politicians were interested in the subject?

[Pinochet] I believe it is a combination of things.

[Oyarzun] And the military have not contributed to promoting this situation?

[Pinochet] People have not realized that military personnel are different from others.

[Oyarzun] In what way?

[Pinochet] Tradition, disciplined training. John Keegan, author of "The Face of the Battle" [La Cara de la Batalla] and "The Mask of the Commander" [La Mascara del Comando], is right in stating, as he does in his most recent book, that "military personnel are not like other people. That is the lesson I have learned after an entire life among the military." We military personnel are indeed different. That is true; we do not abandon a person who is in trouble.

Like Keegan says, "all civilizations owe their birth to warriors, and their cultures nurture the warriors that defend them."

"Our people always continue to belong to the institution."

[Oyarzun] Brig. Espinoza has requested to be tried by a military court of honor. Can this be done?

[Pinochet] I understand that Brig. Espinoza may be upset and concerned, but the institution has never questioned his honor.

[Oyarzun] Were you personally hurt by the ruling of the Fourth Chamber of the Supreme Court?

[Pinochet] The ruling has hurt the entire Army, particularly because it is a ruling based on the testimony of witnesses whose earlier testimony had not been considered by the lower court judge to grant their extradition.

[Oyarzun] Are you saying that the Supreme Court chamber rejected the extradition request on the grounds that there was no evidence but now it has accepted this same evidence despite the fact no new evidence was ever presented?

[Pinochet] There is nothing new; that is why the ruling is so upsetting.

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[Oyarzun] You have said that when someone in the Army is touched, the entire institution is touched. Is this a fact?

[Pinochet] Yes, indeed that is a fact.

[Oyarzun] Despite the fact that Manuel Contreras is a retired officer?

[Pinochet] Army people never cease to belong to the institution. All of us are one....

[Oyarzun] Yesterday someone said: "Instead of asking whether the administration has done something wrong, we should ponder whether the Army has done anything well." What do you have to say to that?

[Pinochet] The Army always does things well.

Economic Growth Not Based on NAFTA, Mercosur

PY2006221195 Santiago EL MERCURIO in Spanish 10 Jun 95 p B3

[FBIS Translated Text] Carlos Mladinic, Foreign Ministry international economic relations director, reported yesterday that Chile's good economic performance does not depend on the signing of agreements with Mercosur [Common Market of the South] or NAFTA, because without having signed agreements with those blocs, the country shows positive growth, exports, investment, and unemployment rates.

Mladinic made these remarks during a working breakfast organized by the A. Edwards Bank on dedicating its Business Center for Small and Medium-Sized Companies. The gathering was attended by 450 clients.

Mladinic said that the signing of agreements with Mercosur or NAFTA "is not a matter of life or death for Chile," and that its main objective in negotiating those subregional pacts is increasing well-being for the country as a whole.

"Failure is not the consequence of not signing agreements, but of signing bad agreements," he said.

Mladinic added that this year the country will grow by more than 6 percent, the unemployment rate will be close to 5 percent, exports will be close to $14 billion, and the balance of payments will have a surplus of $2 billion. All this, he said, will be achieved without having formed associations with those organizations.

He added that according to studies carried out in both the private and public sectors, the benefit of achieving an understanding with Mercosur would be focused essentially on the possibility of increasing exports of manufactured products. Moreover, NAFTA would have a marginal effect in the field of trade, but it would help improve the country's overall competitiveness.

In this context, Mladinic rejected the idea that Chile's entry into NAFTA would imply a substantial increase in the flow of foreign investments because of the better image our country would project abroad.

He said: "Last year overall foreign investments in Chile reached $4.5 billion, a figure equivalent to 9 percent of the GDP, which is the highest rate internationally. Thus, I believe that entry into NAFTA will not yield, as a consequence, a much higher investment figure."

Mladinic added that the entry into NAFTA would not give a "quality seal" to Chile, because the country already has a good international image.

Mladinic added that concerning international economic negotiations, the country's policy is to have an open regionalism. This idea implies that trade agreements seek the opening of reciprocal trade, but not to set barriers to trade with third markets.

He said that current Chilean negotiations with Mercosur and NAFTA are included in this framework, and that talks with the European Union will be added to these very soon.

Concerning NAFTA, Mladinic said that joining that bloc will imply a challenge to the country to achieve excellence.

Thus, Mladinic said that entry into NAFTA will increase the country's competitiveness provided that the spirit of negotiations will be that of allowing the processes to transform us, to modernize us, and to force us to become more efficient.

He concluded by saying that the country will try to achieve the consolidation of a hemispherical free trade zone agreed upon at the Summit of the Americas, which will force the union of all blocs that exist today in the region, such as NAFTA, Mercosur, the Andean Pact, and the Central American Common Market.

Figueroa, Party Leaders Defend Letelier Ruling

PY2006140195 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 20 Jun 95

[FBIS Translated Text] Interior Minister Carlos Figueroa has stated that the fulfillment of the Supreme Court's ruling sentencing of General Manuel Contreras and Brigadier Pedro Espinoza has not undergone any changes.

Figueroa emphasized that in these cases, one should abide by the facts and not by statements.

[Begin Figueroa recording] The Supreme Court's ruling has not undergone any changes. Up to this point Justice

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Adolfo Banados has been executing his sentence in, I would say, quite an expeditious and resolute manner. The important thing during these past three rather restless weeks has been to abide by the facts rather than by statements. What Justice Banados is executing are facts, and up to this point there have been no changes in the fulfillment of his ruling. The Investigative Police are cooperating in a very efficient manner to this effect. [end recording]

Minister Figueroa today thus answered questions on the process implemented to execute the Letelier case ruling.

At noon the leaders of the member parties of the Coalition of Parties for Democracy reiterated their support for the president of Republic, who was accompanied by Interior Minister Figueroa and Justice Minister Soledad Alvear at La Moneda Palace.

In their message to the president, the politicians state that their decision to unconditionally support him is prompted by the current situation the country is experiencing, as the Supreme Court ruling in the Letelier case must be fulfilled.

They add that a democratic system is characterized by respect for the Constitution and the laws by all institutions of the Republic. They therefore maintain that respect for the law cannot be subject to any sort of negotiation. Ignoring the ruling passed by the court would represent an unacceptable position that violates the basic principles of law.

The declaration is signed by the chairmen of the Christian Democratic Party, the Socialist Party, the Party for Democracy, and the Radical Socialist Democratic Party.

Colombia

Ambassador Comments on Relations With U.S.

PA1706044295 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 16 Jun 95

[Telephone interview with Ambassador to the United States Carlos LLeras de la Fuente by Caracol News Director Dario Arizmendi, in Santa Fe de Bogota; during "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Dr. Carlos Lleras de la Fuente, Colombian ambassador to Washington, good morning.

[Lleras) Good morning, how are you?

[Arizmendi] Fine, sir. How did things go with the president?

[Lleras] Very well, fortunately.

[Arizmendi] Have you been ratified in your post?

[Lleras] Well, more or less [words indistinct] idea that I should be ratified. I was appointed to this post and I continue to be here.

[Arizmendi] Are you happy?

[Lleras] Yes, very much. You know things in Washington are difficult, but interesting.

[Arizmendi] What can you tell us about your mission, Dr. Lleras?

[Llearas] I believe we are doing very well. The situation has improved, the relations keep improving, the organization of the embassy and work is going smoothly. We have much to do and we have to speed up important work in the coming months.

[Arizmendi] Dr. Lleras, it was once said that you were too harsh and undiplomatic in your dealings with the United States. What do you think about this and the praise Colombia is getting today?

[Lleras] What can I tell you? There are many fellow Colombians who are afraid, who do not like to talk, and who beat around the bush saying things nobody understands. I speak in a very straightforward way, Americans speak very directly, and consequently, we understand each other very well.

[Arizmendi] Has this frank and straightforward style ever caused you misunderstandings and problems, Dr. Lleras?

[Lleras] Not over there, the problem is here. And you know what? I do not care because I am not an ambassador to Colombia but to the United States.

[Arizmendi] But anyway, you have political aspirations, we imagine, for the future.

[Lleras] Well, but what is most important to me at this time is to run a good embassy for the service and benefit of the country, not to keep a few compatriots happy. They are in the habit of [words indistinct].

[Arizmendi] Your father became famous for, among many other things, sending Colombians to sleep at 2000 one day. Would you ever repeat such actions because of your character?

[Lleras] Well, that is what one calls strength of character. We have it for the sake of the family and for now, for the sake of the country.

[Arizmendi] Have you had any direct talks with Senator Jesse Helms, Dr. Lleras?

[Lleras] No. No, I have not seen Senator Helms. We were able, and that was a big success, to book an appointment for the defense minister, who visited Helms

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yesterday. This shows how significant the government's actions against drug trafficking have been. Senator Helms, who had not wanted to meet with any Colombian for over a year, finally agreed to an appointment with a Colombian minister.

[Arizmendi] Ambassador, thank you very much. When do you return?

[Lleras] I am returning tomorrow.

[Arizmendi] Well, sir, much success to you.

[Lleras] Thank you.

Slaying of Two U.S. Missionaries Viewed

FARC Guerrillas Blamed

PA2106205295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 21 Jun 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] This station has just learned that the Colombian Armed Forces had wanted to carry out an antikidnapping operation in the eastern area of Cundinamarca where two U.S. missionaries were assassinated by the FARC [Revolutionary Armed Forces of Colombia] on Monday [19 June] in a cowardly manner.

This newscast has also learned that the U.S. Government rejected a Colombian Government proposal to try to rescue the missionaries while they were still alive. The Colombian Government had successfully established the site at which the missionaries were being held and that they were alive. Reporter Janette Cepeda has this report.

[Cepeda] The slaying of two U.S. missionaries, Timothy Van Dyke and Steve Wells, by FARC guerrillas in the eastern part of Cundinamarca and Meta Departments occurred 30 minutes after a clash with members of the 7th Brigade, according to 13th Brigade Commander General Rafael Hernandez.

[Begin Hernandez recording] After wounding a 7th Brigade soldier, the guerrillas shot and killed the missionaries. About half an hour away from the site of the clash, the pursuing troops found the murdered missionaries. [end recording]

[Cepeda] The missionaries had been kidnapped 18 months ago in San Jose, near Villavicencio. FARC had asked $2 million in ransom. This newscast learned that the Colombian Army had tried to mount an operation to rescue the men alive. The Colombian Armed Forces, after confirming the location of the kidnap victims and that they were indeed alive, consulted with U.S. authorities about the viability of such an operation. The U.S. authorities, however, considered the operation to be too risky, because the camp at which the missionaries were held was located more than 3,000 meters above sea level on a wide barren plain.

[Begin Hernandez recording] They never thought the troops would make it to the camp. We were looking for camps used to store war materiel. [end recording]

[Cepeda] The U.S. authorities' decision was prompted by a report prepared by Delta Force, a U.S. military group created for this type of operation. This report led the U.S. Government to look for a different solution.

Murder Makes Peace Difficult

PA2206024695 Madrid EFE in Spanish 0125 GMT 22 Jun 95

[FBIS Translated Text] Santa Fe de Bogota, 21 Jun (EFE) — Colombian President Ernesto Samper said today the murder of U.S. missionaries Steve Everett Welsh [name as received] and Timothy Van Dyke makes the peace process in this country difficult. The two missionaries had been kidnapped by the Revolutionary Armed Forces of Colombia (FARC) 17 months ago.

Samper said this crime, in addition to being dreadful and regrettable, violates in the most repudiable manner Protocol II of the Geneva Convention on respect for human rights.

In this regard, the president said he has instructed officials to arrest and punish those responsible for the double murder.

"This action makes difficult the possibilities of a process of reconciliation and understanding among Colombians," the president said in a statement issued in Santa Fe de Bogota.

He also said he had conveyed to U.S. Ambassador to Colombia Myles Frechette his and the Colombian people's expressions of solidarity and condolences to the U.S. people.

The president also called on the country's guerrilla groups to demonstrate they really want peace by releasing all those they have kidnapped.

The U.S. missionaries had been held by FARC guerrillas since 13 January 1994, when they were kidnapped near Villavicencio, capital of the central department of Meta. The bodies of Everett Welsh and Van Dyke were found yesterday in Medina, a town located approximately 150 km from the Colombian capital. According to the authorities, they had been buried the day before. The missionaries had been shot to death.

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The two clergymen, for whose release a $2 million ransom had been demanded, belonged to the missionary organization New Tribes of Colombia and had been involved in evangelization tasks among peasants and Indians in Colombia's eastern plains.

Another four foreign missionaries are being held by the FARC, the largest and oldest communist guerrilla group in Colombia. They are U.S. citizens David Mankins, Richard Tenenoff, and Raymond Rissing, and Peruvian Marcos Rich.

Ecuador

Debate Over Constitutional Reforms Reviewed

95SM0366A Quito EL COMERCIO in Spanish
21 May 95 p A3

[Unattributed article; first paragraph is EL COMERCIO introduction]

[FBIS Translated Text] The constitutional reforms have been in the political news for a year. Now that they have reached their most important point, more than ordinary politics is involved. Both the Executive and the Legislature are playing their cards to get their positions approved. During the present Extraordinary Congress, the ideological debate is stronger, and electoral calculations are also a factor. The Executive seems to be hardening its position on calling a referendum. And Congress is seeking agreements by any possible means. There is more than one story here.

Report: Debate in Congress

"In the committee we have tried to not denature the philosophy and work done on the reforms. We have tried to retain constitutional precepts. The Executive's bill was in many ways somewhat fanatical."

That is what the chair of the Constitutional Affairs Committee of Congress, Xavier Neira, says of the report presented on Thursday.

In the meantime the acting president, Alberto Dahik, threatens a referendum if everything does not go as the government wants. "If no true reform emerges in the debates, we will have to find a way to consult the people. A cosmetic sort of job cannot be allowed; there must be in-depth reforms."

Days earlier, Carlos Larreategui also called attention to the center left. He appealed to that sector to "listen to their conscience and accept the challenge. Let there be no deals with groups that do not want reform, and no attempt to respond to the commitment with reforms that are not going to change things."

ID [Democratic Left] Deputy Andres Vallejo did not lag behind, and answered: "If anyone has done efficient work to produce the consensus essential for passage of the reforms, it is the ID and DP [Popular Democracy] deputies. The problem is that the government wanted to keep a leading role and intimidate Congress with a Popular Referendum."

A piece of theater? Another round of political rhetoric? In part. But there is more behind it, for these reforms will in many ways change the everyday lives of the Ecuadoran people. This is an arena in which ideologies—which have apparently not died—and the economic situation are played out. And in this story everything the nation has experienced since January is mixed.

Until the start of the year, harmony appeared—unusually—to be reigning between the Executive and Legislature. The first reform package passed without much difficulty, and the committee had issued its first report in which, say its members, it tried to reach a middle ground between the Executive's extreme positions and the Constitution.

But then came the conflict [with Peru] and the Extraordinary Congress was suspended. Still, the committee members continued to work. Then the center left presented a working document called the "ID-DP document" which proposed some changes.

The committee took up the document again and drafted a new one, incorporating the center's proposal.

Until then, the Executive was prepared to accept some changes and to yield; on sectors of the economy, for example, if one or two words were changed and some assurances were given to enterprises awarded bids.

So the Executive's legal staff—Arturo Donoso, Fabian Corral, Carlos Julian Trueba, Rosa Fabara—and the legal staff of Congress—Genaro Cuesta, Osvaldo Cevallos, Oscar Vela—continued meeting to work out details. Then it was up to the officials and deputies to approve. Criticisms flew from back and forth about legal terms and other issues, but consensus seemed to be approaching.

But when the time came, despite the center deputies' acceptance of the reforms, their parties decided to support the MPD [Democratic People's Movement] motion for an alternative version. That appeared to destroy the proposals and the political strategy of the Executive and the committee. And so began the exchange of words by all sides.

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Analysis: Paying for the Damages

Everything seemed to be a dream. After each joint—Executive-Legislative—committee meeting, it was announced that consensus was near.

So a tranquil Extraordinary Congress was expected, with the parties voting without problems. Minor disagreements on certain reforms like Social Security or the Judiciary were predicted.

The president of Congress, Heinz Moeller, took it upon himself to dispel even those clouds. In an interview with this newspaper, he announced that there were agreements, even on Social Security.

But when the Congress began, all that disappeared. In the first week, a bloc was formed among ID, DP, PRE [Ecuadoran Roldosist Party], APRE [Ecuadoran Revolutionary Popular Action], MPD, G-6 [expansion not given], and some independents. This bloc represents 43 votes, and while not enough to pass reforms, they are a majority.

The dream of consensus and tranquility vanished and a harsh political struggle began. What happened? When were the agreements destroyed?

The first point was the negotiation. The government was making agreements on a text on which only the committee had worked. They did the work, and the agreements were announced afterwards, but the parties' views were not taken into account.

There was no negotiation with the real opposition, which would have provided some assurance that when the time came to vote, the agreement would not fall apart, as it did. That is normally the job of the minister of government, who is the political minister. But according to the deputies, Abraham Romero had no discussions with them.

There was the mediating presence of Secretary of Administration Carlos Larreategui. But he too concentrated on the committee's work.

Another factor working against the reforms is the political timing, which caused the deputies' determination to approve them to collapse. The elections—both short-term and long-term—are now closer than in the Extraordinary Congress held in January.

Heinz Moeller has issued the first announcements of his candidacy for reelection to the presidency of Congress. For that he needs more votes than what his own party can give him.

Moeller needs to look for other allies, so his profile may perhaps have lowered in the last two weeks. Other deputies may also be pursuing that post, and so seeking this type of platform.

Another problem: when the Extraordinary Congress began, at the same time the national electoral schedule for 1996 was revised.

Jaime Nebot, the PSC [Social Christian Party] candidate, has resumed his campaign. ID and DP have accelerated their actions to form a front and choose their candidate. In the meantime, the MPD has been working to formalize its alliance with APRE.

Approval of these reforms, some of which are perceived as antipopular (public unionization, strategic areas) is a risk. So the parties are being careful not to give away their positions.

1. Education

This reform has been controversial from the start, but an agreement is now apparently close. According to the center deputies, even the Social Christian Party may be prepared to accept the draft of the alternative proposal presented by the bloc of 43 deputies. The debate began on Thursday. The consensus is apparently that all levels of education should be secular and free.

The Executive's Proposal

Its position is that education is the primordial duty of parents. The state will provide the means needed for parents to carry out this duty. It will also guarantee assistance for free or semi-free private education. It also considers the possibility that the universities may create their own financing sources.

The Committee's Report

This includes the duty of the state, that of society and of parents. It supports self-financing mechanisms for the universities, and the creation of revenue mechanisms. It also establishes semi-free education, which in reality already exists.

The Center-Left's Position

It agrees with the creation of revenue mechanisms. However, it maintains its position that education should be free.

2. Strategic Areas

All agree that minerals and substances whose nature differs from the soil are state property. This has been one of the most difficult and most ideological issues. On this point the committee's drafts have changed several times. For legal reasons, in many cases these are now being called sectors of the economy. The

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Executive was prepared to accept one of the proposals of the Constitutional Affairs Committee if licensees were given greater legal security.

Executive

It accepts licensing or the delegation of authority for prospecting, exploration, and extraction of natural, nonrenewable resources. It emphasizes the state's exceptional and subsidiary position for participating in economic activities.

Committee

It also accepts licensing. But the state will control these services, and the license may be taken back in certain cases, for contractual reasons or reasons of legal nomenclature.

Center-Left

It emphasizes the exceptional nature of the state's permitting the private sector's cooperation in providing services for enterprises it considers strategic.

3. Unionization

The biggest problem on this issue which has been discussed since January is the total paralysis of public services and the takeover of facilities. Now there is added the fact that if the workers are covered by the Labor Code, everything will depend on labor law.

It establishes the government employee's protection in the appropriate law, although the issue is a sensitive one.

Executive

Its position does not prohibit the right to strike, but it eliminates the possibility that facilities can be occupied. Nor does it permit the total paralysis of public services. It bars the total paralysis of medical services.

Committee

The right to strike is not prohibited, but it eliminates the possibility that facilities may be occupied. So its position is similar to the government's, although it has changed since January because of definitions of the law.

Center Left

It agrees about not paralyzing hospitals, that is, the paralysis of services may not spread to the entire public sector.

However, it retains the possibility that workers may organize, based on international principles, which do not prohibit the takeover of facilities.

4. Judiciary

There is no agreement on this topic. It is one of the most controversial issues because of the problem of the Judiciary's politicization. This problem has arisen since the constitutional reforms of 1992. The central problem and the debate are over the appointment of members of the Judiciary. The objection to the Executive's plan is that it would politicize the Judiciary even further because the National Judicature Council also suffers from that problem. "Then politicization would go from 77 to 9."

Executive

Its bill proposes that magistrates and judges be appointed by the National Judicature Council.

Committee

The power which Congress now has over appointments—to choose one of the slates of nominees sent to it by the Executive—is defended. The committee advocates this approach. Two options have been proposed in the committee's latest draft. The first is from the PSC, that the appointment should come from civil society: the press, professional associations, the Church, the Armed Forces. The other option favors a career track.

Center Left

The only agreement is on a judicial career track. However, the mechanism is not included.

5. Social Security

There are two general principles for all positions: solidarity and universality. The problem and the debate have always focused on the features that might be allowed in private insurance plans, which would place the IESS [Ecuadoran Social Security Institute] at an even greater disadvantage.

Executive

It states that one or more Social Security services may be provided through public, private, or mixed institutions or enterprises.

Committee

It proposes that Social Security be compulsory, with the freedom to choose one or more services from private, public, or mixed insurance services. It advocates separate coverage for government employees, and also ensures the rights of equity and universality. Insurance would continue to be handled by an independent institution, so the IESS would not be eliminated. According

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to the deputies, there is a desire to demonopolize Social Security, and from being a welfare-oriented program, it should move toward solidarity.

Center Left

The Center Left insists that the IESS be the sole organization responsible for Social Security. It opens up a possibility that private enterprise may cooperate, through providing services.

Peru

Daily Evaluates Possibility of Joining Brady Plan

PY2006235795 Lima EL COMERCIO in Spanish 5 Jun 95 p A2

[Editorial: "Reheating of the Economy?"]

[FBIS Translated Text] In view of Minister Jorge Camet's recent briefing to the congressional Budget Committee, several people have commented on the alleged need to avoid a "reheating" of the Peruvian economy in order to fulfill the IMF requirement to sign a new letter of intent and include Peru in a possible "Brady Plan."

Those who believe in the "reheating" of the economy uphold the following theories: In the first place, the commercial accounts deficit continues to grow dangerously, taking into account the fact that already at the beginning of 1995 it showed a negative balance of around $1.5 billion, that is, the equivalent of one-third of Peruvian exports. Further, the reheating is also caused by the fact that the growth of the GDP is allegedly around 11 or 8 percent, according to the official projections for the end of this fiscal year.

Therefore, various proposals are being made that, for the time being, speculate on the need for possible reductions of public expenditures and changes in tax provisions, especially tariffs and the IGV [general sales tax], which may be increased from 18 percent to more than 20 percent.

Some aspects regarding the aforementioned must be clarified.

In the first place, it should be pointed out that the draft of the IMF letter of intent for this year has not been finished yet. As Minister Camet himself has stated, first the government must make a proposal and publish it so that all economic and financial sectors of the country may make their comments on solid grounds.

Second, the idea of incorporating Peru into the Brady Plan is a very complex issue because it requires not only the implementation of technical adjustments, but also U.S. congressional acceptance of these adjustments, including the possibility of swapping debt bonds to make investments.

Regarding the increase of the GDP, the situation must be carefully evaluated. The overall GDP is the equivalent of the degree of development of the country's total internal activity, and even though the IMF advocates that the growth must not exceed 4.5 percent, the fact is Peru has a growth of 8 to 10 percent. And it should be recalled that the system for making evaluations is inexact because 1979 continues to be taken as a base of reference despite the fact that experts believe the new base year must be 1991.

Therefore, talking about an economic "cooling off" can be contradictory for an economy that has healthy indicators, which can be proven by the low inflation rate — below 1 percent a month, with a realistic projection of no more than 10 percent this year.

Cutting central government spending can be risky. What is being done is to appropriate about $500 million for irrigation and sanitation infrastructure projects. Spending on social projects cannot be stopped, either.

The idea that a restrictive policy such as an increase of the IGV would contribute to slowing down the economy could create dangers in a scenario wherein, although there is a recovery of production, the exporting sector still lacks a sustained force.

Therefore, in the search for equilibrium, perhaps it would be appropriate to seek other alternatives, such as eliminating the excessive contributions that are discounted from salaries in order to reactivate consumption within a market that is gradually no longer a "price driven market" but a market that demands quality and competition. Also, more effort should be made to reduce business cost overruns in order to improve actual employment. Further, among other things, tariff structures should be reviewed to ensure there is no disconnection from modern economic trends, especially in relation to the other countries of the Andean Pact.

Regarding the trade balance, it is true that the deficit creates concern, but it should not be forgotten that this plan was implemented deliberately since July 1990. Therefore, taking away some of the tax burden on exporters could perhaps be an interesting step, especially now that the net international reserves (about $5.598 billion) provides some kind of a "cushion" to absorb temporary contingencies.

Furthermore, and in addition to what has already been said, we also believe that as the capital market is being consolidated, the possibility of a real "reheating" of the economy will grow dimmer.

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Analyses of Maria Angola Incident Varying

95SM0358A (Internet) Peru DESCO Gopher in Spanish 1 Jun 95

[From Resumen Semanal 24-30 May]

[FBIS Translated Text] The terrorist attack in Miraflores has again brought to the forefront the issue of security for the citizens and the possible reorganization of the Sendero Luminoso [Shining Path]. Within this context, the Constituent Congress voted approval, in surprising and hasty fashion, for a law authorizing intervention in the state universities. This has provoked deep concern among the citizens about the visible hardening of the government's authoritarian attitude on all levels of the democratic institutional system.

A New Senderist Style?

In the early morning hours of 24 May, at 4:30 am, a terrorist commando unit detonated a car bomb containing about 100 kilograms of explosives at the entrance to the Maria Angola Hotel in Block 6 on La Paz Avenue in Miraflores, Lima. Five persons were killed as a result of the attack (four of them during the explosion, while another individual expired after 28 hours of agonized suffering), and approximately 30 individuals were injured. Twenty-four hours later, Civil Defense reported that it had identified more than 600 families whose homes had been damaged.

A number of the details suggest a criminal operation different from those previously perpetrated by the Sendero Luminoso. Preparatory to carrying out their assignment, the members of the terrorist commando unit emerged from two automobiles, one of them loaded with explosives, parked in front of the hotel in Block 6 on La Paz Avenue. First, they murdered the guard stationed at the entrance of the Maria Angola Hotel. They then proceeded to the hall located above the casino, which is in the basement of the hotel. Two terrorists remained at the entrance, while presumably, individuals other than those who arrived at the site in the two vehicles were keeping watch on the nearby corners. Once in the hall, the terrorists threatened those present, announcing that this was an attack and firing the weapons they carried. Then, finding that they could not open the safe, they confiscated some of the victims' belongings. Within less than five minutes, the group had left the building, departing in one of the automobiles that was waiting with its motor running. As the car sped away, the occupants detonated the explosives in the other car, resulting in the deadly blast. (Most dailies 25 May 95)

Death Penalty Demanded

Blanca Nelida Colan Maguin, the prosecutor-general of the nation, who arrived at the hotel-casino shortly after the subversive attack, spoke of the possibility of developing the constitutional provisions so that the death penalty can be applied to the terrorists. "All of us Peruvian citizens must condemn this terrorist attack, and I hope that the Congress of the Republic will promulgate a law so that in the future the death penalty will apply to all those who commit acts like that which occurred in the early morning on 24 May," the head of the Office of the Prosecutor-General stated. (Most dailies 25 May 95)

Questions from Enrique Bernales

Enrique Bernales, a former senator who is at present the special relator for the United Nations Commission on Human Rights on Self-Determination Issues, said for his part that "there is no ideology, protest, or occurrence that could justify this criminal attack, which merits a harsh penalty." "What is most notable," Bernales added, "is that it did not occur in some isolated area, but in a place where there are heavy security measures." He pointed out that national police agents and private security guards patrol the banks and hotels in the center of Miraflores both day and night. "On the basis of the studies made by the Commission on Violence and Pacification that I headed in the Senate, the preparations for, implementation and execution of, and security measures for the escape must have involved at least 30 individuals. This crime could be described as complex. If the Sendero Luminoso is to be given credit for the incident, the question is whether that organization has the capacity at this time to carry out an attack of this magnitude." (EL COMERCIO 25 May 95)

Carlos Tapia Comments

The well-known analyst of the Sendero Luminoso, former parliamentarian Carlos Tapia, said the following during an interview. "I am not one of those who are entirely convinced that this terrorist blow was struck by the Sendero Luminoso. It might have been, but there are a number of factors that suggest that it might be something else. For example, there is the fact that the owner of the casino is a retired general, a former minister of defense under the preceding government. And in the gaming houses in a country like ours—where foreign exchange is used so casually, where dollars are laundered, etc.—there is a potential for actions by gangs of criminals who use violent methods. We have not forgotten the gang known as "The Destroyers," which used many methods and techniques similar to those of a subversive group—weapons of

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war and well-developed organizational and logistic systems. This was a gang of ordinary criminals with a highly compartmentalized structure, most certainly learned from the terrorist groups. And in any case, if the Sendero Luminoso were responsible, it would be an anomaly. This is because that organization does not usually use car bombs to strike at institutions frequented by the middle class, in the way the MRTA [Tupac Amaru Revolutionary Movement] attacked some of the best restaurants in Costa Verde, for example. But not the Sendero Luminoso. They have used bombs in banks, or in Tarata, for the purpose of launching generalized terrorism. The metropolitan regional command of the Senderists has been subjected to tremendous blows and infiltration by the state security forces. Therefore, if this organization could become capable, overnight, of executing an operation with these characteristics, it would mean there has been major reorganization of which we have had no warning. There would have to be between 60 and 70 individuals involved in the whole operation of placing and detonating a car bomb—from reconnaissance, intelligence, timing, finding teams to secure a vehicle and to drive it, equipping the vehicle and guarding the "base" where the car bomb was developed, up through the commando unit responsible for executing the crime, plus that responsible for organizing the escape. The Sendero Luminoso has more than enough members in Lima, but there is apparently a lack of coordination." (LA REPUBLICA 28 May 95)

The Senderist Command

According to the information developed by the specialized agents at the Dincote [National Counterterrorism Directorate], Maruja Arango Chavez, known as Comrade Estrella, the new political officer of the "liquidationist" faction of the Sendero Luminoso in Metropolitan Lima, and the military commander known as "El Gringo" were the principal authors of the criminal attack on the Maria Angola Hotel in Miraflores. Both are veteran members of the terrorist organization who are now high in the ranks of the "liquidationists left" line headed by Oscar Ramirez Durand, known as "Feliciano." (LA REPUBLICA, EL MUNDO 29 May 95)

Minister Blames Sendero

Speaking in Huaraz, Peruvian Army General Juan Briones Davila, the minister of interior, explained that the attack on the Maria Angola Hotel in Miraflores last week was committed by subversive criminals, not mere thugs. He also dismissed the possibility that the attack represented a resurgence of subversive activity in the country. In view of this situation, he added, the government has taken steps to guarantee the physical safety of the population in the event of possible future attacks. (EXPRESO 30 May 95)

'Muffled Blows?'

Commenting on this incident, the weekly periodical OIGA (No. 745, 29 May 94) said the following. "The attack in Miraflores reveals the inconsistency in the steps taken to deal with the terrorist issue here, in the midst of a triumphalist atmosphere disrupted by sporadic urban actions by the Sendero Luminoso. We often forget that following the capture of Abimael Guzman on 12 September 1992 and the downfall of the highest leaders of the Senderist movement (what a house of cards!), there was a period of silence on the part of the subversives. During this time there were some internal changes in strategy and commands, although the movement continued to make victims suffer in both Lima and the interior of the country. Each of the explosions, attacks on settlements, executions, and proclamations originating with the terrorists was called a muffled blow.' Operation Aries' along the banks of the upper Huallaga River in April of last year was pompously described as the final battle' in the progovernment media headlines. The procedure used in the Maria Angola Hotel incident—which seems to point to a distracted state of mind on the part of those executing the action, perhaps designed to minimize the number of victims—is unlike the well-known explosions planned by the Sendero Luminoso, in which the most important goal was destruction, regardless of the human cost. Secondly, the action reveals precise planning of each of the steps to be followed, which means that there was an evil mind at work on the terrorist plan, very probably over a period of several weeks. For this crime, it would not have been possible to rely solely on the few surviving Sendero Luminoso fanatics. The scope of the plan must have required the participation of at least 50 individuals for reconnaissance, the timing of the moves, obtaining the explosive materials, the attack on the owner of the Lada vehicle, substitution of drivers, study of the area and its traffic patterns, plotting the route for a rapid getaway, guarding the corners, etc. Therefore, we are not dealing with a simple action mounted in anger at the provocative impertinence revealed by Fujimori when he set the date for the funeral services for Guzman. The philosophy of these assassins is nurtured by the statistics that have been less publicized recently—those on poverty and exclusion from society, on the unemployed or underemployed individuals seeking access to the broad market of full employment, which has to date existed only in the official propaganda, and on the expectant hopes awakened by this duty-free area that Peru has become."

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Venezuela

Defense Minister Comments on Coup Rumors

PA2106201695 Caracas Venezolana de Television Network in Spanish 1550 GMT 20 Jun 95

[Report by Pedro Prado from "The News" newscast]

[FBIS Translated Text] Today at Miraflores Palace, Defense Minister Moises Orozco Graterol commented on rumors of an alleged coup d'etat, saying the Armed Forces will not support any new coups.

[Begin Orozco recording] The Armed Forces have at all times perfectly understood their role within the democratic system. Therefore, we cannot talk about a coup d'etat. Today, there is no sign or suspicion of any real coup threat against the country's democratic system. [end recording]

Orozco reiterated his criticism against cattle ranchers in the border region. He said they promote the entrance of illegal immigrants into Venezuelan territory.

[Begin Orozco recording] It is really astonishing that a Venezuelan would prefer to hire illegal immigrants and turn down Venezuelan workers. I believe that they should be censured and investigated for not complying with the labor laws. They are favoring illegal immigrants for no other reason than their own personal benefit. [end recording]

On this occasion, Orozco also mentioned the names of several new magistrates on the military court.

[Begin Orozco recording] I believe this includes Colonel Porras Andrade, the most senior colonel, who will be appointed president of the military court; Colonel (Ideltoldo Debe); Captain (Roget) of the Navy; another colonel from the National Guard, Homero... [pauses] I do not remember the exact names. [end recording]

These magistrates will be sworn in on 23 June.

Energy Minister Urges OPEC To Redesign Strategy

PA2106205395 Mexico City NOTIMEX in Spanish 2347 GMT 19 Jun 95

[FBIS Translated Text] Caracas, 19 Jun (NOTIMEX) — Sources in the energy sector have noted that the drop in international crude oil prices has been brought on by an oil glut — a situation worsening because of production by non-OPEC members.

Erwin Jose Arrieta, Venezuelan minister of energy and mines, said the oil glut "is exerting pressure on prices, and this is affecting all of us." Therefore, he said, OPEC must redesign its petroleum ceiling strategy within the context of the new market situation, and from there it must promote the integration of this strategy.

"I think we can use energy as an instrument for peace and development," he pointed out. Arrieta insisted that unless we achieve "coordination among OPEC and non-OPEC producers, the market is going to be hurt, and all of us will feel the negative effects."

Last week, the average price of OPEC crude was at $17.40, which represents a 2-percent drop from the price recorded between 12 and 16 June. OPEC has a current production of 24.5 million barrels per day, of which Venezuela has a 10 percent share.

With regard to Venezuela's appointment as OPEC president, the minister said the decision "took the delegation members by surprise, although we are very happy." This appointment is in recognition of the key role played by Venezuela within the organization.

Minister on Colombian Proposal To Tax Sugar Exports

PA2206042795 Caracas Venezolana de Television Network in Spanish 0200 GMT 21 Jun 95

[Report by Pedro Prado from "The News" newscast]

[FBIS Translated Text] The minister of agriculture and livestock has said Venezuela will not engage in an import duty battle with Colombia.

Raul Alegrett was answering a question about a Colombian proposal to impose a tax on sugar exports to that country. He has said the use of a third party is not disloyal competition, stating that each country is free to file a complaint. Any correction should be by mutual agreement or based on any current agreements. He has said the government is not considering a restatement of the agreement conditions:

[Begin Alegrett recording] We are moving in the right direction. I believe Venezuela should be proud of what has been achieved up to now. All in all, we are finally creating our own more competitive and efficient production apparatus. [end recording]

The minister of agriculture and livestock will meet with his Colombian counterpart within the next few days to overcome these minor differences in trade relations.

Attorney General Refrains From Ordering Asset Confiscations

PA2006150495 Caracas EL NACIONAL in Spanish 17 Jun 95 p D-2

[Report by Victor Manuel Reinoso]

[FBIS Translated Text] A flaw within the financial emergency bill related to the inclusion of a temporary provision validating the confiscation of assets for a mere

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60-day period, which is currently in effect, as well as the uncertainty created by a campaign causing people to think that a law is being promoted against the attorney general and not against fugitive bankers, has prompted the Attorney General's Office to refrain from ordering new asset confiscations, despite requests from various banks.

This was announced by Attorney General Jesus Petit Da Costa, who said he refrained from ordering the confiscations not out of fear but, rather, because he does not want to waste time. He added that he wants to be straightforward in his work, and whatever he does, he will do so because the steps he takes are based on decree-laws and in keeping with his conscience. Petit Da Costa, however, warned that the validity of these steps ceases once the law goes into effect.

He explained the current Financial Emergency Law was enacted to protect the interests of the Republic and bank depositors against dishonest bankers and thieves who are fugitives today. Since the law was insufficient, the president, in a Council of Ministers meeting, suspended constitutional guarantees, including economic guarantees, to adopt effective measures to prevent the looting of what remained in the banks in which the government intervened.

The suspension of guarantees allowed President Rafael Caldera to enact decrees with the backing and strength of laws. Some were aimed at the confiscation of assets to prevent former bank administrators from committing fraud through false sales or transfers of assets to third parties.

One of the measures was an overall ban on the transfer of the assets of the financial groups in which the government intervened, which were turned over to Fogade [Deposit Guarantee and Banking Protection Fund]; assets in the hands of related companies; and assets of former administrators who fled the country.

This ban has allowed authorities to protect assets not yet transferred from companies linked to the Progreso, Republica, Principal, Italo-Venezolano, and Profesional banks, Petit Da Costa said. It also has prevented former administrators from selling or transferring those assets they could not sell or transfer before fleeing the country. Here, the Attorney General's Office limited itself to delivering the list of assets to the Justice Ministry.

He added that another type of measure ordered by the Attorney General consisted of the prohibition to transfer, tax, or occupy assets, properties, credits, and the rights of debtors of the banks, generally front men of fugitive bankers, who are easy to locate because they received millions in loans without guarantees, using the money of gullible people, who placed it in money market funds [mesas de dinero] and in offshore banks.

These temporary measures have been suspended mostly because debtors paid their debt with properties; others have had their properties confiscated; and the properties of the rest will be turned over to the courts so they can be auctioned off.

The attorney general explained that when guarantees are restored and when the new Financial Emergency Law is enacted, the decree-law will no longer be in effect and the asset transfer measures will be suspended unless the law extends them until lawsuits are filed with the appropriate courts.

Government To Cover Private Foreign Debts

PA2006135895 Caracas ECONOMIA HOY in Spanish 17 Jun 95 p 15

[Report by Maria Mayela Armas]

[FBIS Translated Text] At a seminar entitled "Changes in the Currency Exchange System," Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] President Edgar Romero Nava told business representatives that the government is evaluating a system to recognize and pay the debts of certain firms. Such debts must be under $1 million, which represents about 70 percent of the requests filed for a total of $398 million.

Romero Nava contends that total private foreign debts that have been recognized to date are negligible. He said, "There are 2,600 requests and the amount is still under 100. [sentence as published] This is reason for concern, because it has jammed the system."

So far, there have been no complaints regarding requests for foreign currency. There has been some trouble, however, with early payments and debt recognition because of problems with Venezuela's foreign debt creditors. In light of this, the process is expected to be made more flexible.

Romero Nava noted, "The Currency Exchange Law regulations are expected to include what has been recently discussed about post-controls on imports and a more expeditious system for processing private foreign debts."

The Fedecamaras president reaffirmed his opposition to currency exchange controls, but he admitted that monetary flight, which was triggered by the economic crisis, prompted the restrictions. He said, "The government knows we have asked it to ease the system and, if possible, to lift the restrictions completely, because they limit foreign trade and investment."

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Exchange Administration Board (JAC) Coordinator Samuel Wilhelm said the board is authorizing $200 million a week. Meanwhile, the JAC has approved $1.2 billion for advance debt interest payments.

Up until now, Wilhelm said, the board has approved $11.291 billion. The Central Bank of Venezuela [BCV] cleared $7.165 billion, while $4.126 billion is still waiting to be picked up. He also noted that $8.301 billion of the $11.291 billion was authorized for a total 141,000 import transactions.

The JAC coordinator noted that the board's job has not been easy, because it had to set up the systems, procedures, and controls from scratch, most of which have been successful. He also said the board received help from industry chambers, business, intergovernmental organizations, and the executive branch in meeting its duties.

Wilhelm argues that the implementation of the Currency Exchange Law is the beginning of a new phase. It expands the executive branch's authority and promotes more flexibility in all financial areas.

In the area of exports, he explained that people will now be able to use their foreign currency profits to pay foreign private debt. In so doing, they will actually be working within a free exchange system. He added, "Likewise, public debt or Brady bonds could be used in capital or other markets, depending on the rules that govern such instruments."

In terms of imports, he added that the most recent change made to Decree 627 grants specific ministers the authority to implement import programs. He said, "This has been drawn up with the Treasury Ministry. The measure is moving forward and will be ready two weeks after the regulations are published."

Gustavo Rivera Portillo, coordinator of the Exchange Administration Technical Office (OTAC), explained that the government had estimated it would hand out $14 million in import permits for transactions valued at less than $5,000. At this time, it has only granted $3 million, of which $200,000 has been processed through the banking system. He hopes this amount will increase.

The JAC also decided to acknowledge investments by importers whose merchandise was shipped without prior authorization. These shipments total $4.5 million, are covered by 236 requests, and are considered a special case.

The OTAC coordinator added that 75 percent of all foreign currency approved so far has been for imports, 11 percent for advance payments, 8 percent for vacation travelers, and 2 percent for business travelers. Half of all imports were made within the food production and merchandising sector — 30 percent in cereals, and 15 percent in dairy products.

Rivera Portillo also presented several figures related to bank operations. Banco Provincial leads currency exchange operations with 30 percent of all transactions. Banco Mercantil follows with 29 percent.

Regarding exports and foreign currency sales to the BCV, it was reported that $1.041 billion has changed hands. This represents 44 percent of the total amount. This has caused concern within OTAC and JAC, and they have initiated an investigation.

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